

**FRANCHISE DISCLOSURE DOCUMENT  
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**

**A Florida limited liability company  
509 S. Hyde Park Avenue  
Tampa, Florida 33606**

**(813) 228-6334**

**[andrew@mediweightloss.com](mailto:andrew@mediweightloss.com)**

**[www.mediweightloss.com](http://www.mediweightloss.com)**



The franchise offered is for the operation of a MEDI-WEIGHTLOSS CLINICS® Business that, using our Marks, Copyrights and our System, offers proprietary, designated or approved weight loss, nutritional, weight management and wellness products and services, along with other products and services which we may designate or approve, in connection with or separate from our proprietary medically – supervised weight loss, wellness, nutritional and weight management program which we call the MEDI-WEIGHTLOSS CLINICS® program. In some instances, a MEDI-WEIGHTLOSS CLINICS® Business may offer additional products and services we approve to affiliated medical practices.

The total initial investment necessary to begin operation of a “Patient Based” MEDI-WEIGHTLOSS CLINICS® Business (Unit Franchise) ranges from \$157,250 to \$397,500. This includes \$105,000 to \$165,000 that must be paid to the franchisor and affiliates. If you enter into a Conversion Addendum we may waive the Franchise Fee and the first year’s License Fee, and the Initial Package Fee may be reduced.

The total initial investment necessary to begin operation of a “Cold Start” MEDI-WEIGHTLOSS CLINICS® Business (Unit Franchise) ranges from \$256,250 to \$487,750. This includes \$205,000 to \$265,000 that must be paid to the Franchisor and its affiliates.

The total initial investment necessary to begin an Area Development Business of 2 to 10 MEDI-WEIGHTLOSS CLINICS® Businesses ranges from \$187,250 to \$627,500 for the Area Development Program (including the cost of one MEDI-WEIGHTLOSS CLINICS® Business). This includes \$30,000 to \$250,000 (based on 2 to 10 Unit Franchises) as the Area Development Fee that must be paid to the Franchisor or its affiliates, (plus the initial fees you pay to the Franchisor or its affiliates for each MEDI-WEIGHTLOSS CLINICS® Business. Patient Based - \$76,000 to \$145,000 per unit or Cold Start - \$176,000 to \$245,000 per unit).

This disclosure document summarizes certain provisions of your Franchise Agreement (and/or Development 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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale or area development rights sale. **Note, however that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure documents in another format that is more convenient for you. To discuss the availability of disclosures in different forms, contact the Franchise Administration Department, Attn: Andrew Cox, Senior Vice President of Business Development, 509 S. Hyde Park Avenue, Tampa, Florida 33606, (813) 228-6334.

The terms of your contract (your Franchise Agreement and/or Development Agreement) will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract in this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. 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, N.W., Washington, D.C. 20580. You can also visit the FTC home page at [www.ftc.gov](http://www.ftc.gov). For additional information, call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: February 1, 2008, as amended March 1, 2009

## 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 "O" for information about the 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:

THE FRANCHISE AGREEMENT AND/OR DEVELOPMENT AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN FLORIDA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.

1. THE FRANCHISE AGREEMENT AND/OR DEVELOPMENT AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
2. YOUR STATE LAW MAY SUPERSEDE THIS PROVISION AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE. SEE SPECIAL STATE DISCLOSURES IN THE STATE ADDENDA TO THE FRANCHISE AGREEMENT, DEVELOPMENT AGREEMENT AND DISCLOSURE DOCUMENT.
3. SOME OF THE FINANCIAL STATEMENTS INCLUDED IN THIS DISCLOSURE DOCUMENT MAY NOT HAVE BEEN AUDITED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.
4. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT "O" OF THIS DISCLOSURE DOCUMENT OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.
5. WE USE THE SERVICES OF ONE OR MORE FRANCHISE BROKERS OR REFERRAL SOURCES TO ASSIST US IN SELLING OUR FRANCHISES. A FRANCHISE BROKER OR REFERRAL SOURCE IS OUR AGENT AND REPRESENTS US, NOT YOU. WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISES OR REFERRING YOU TO US. YOU SHOULD BE SURE TO DO YOUR OWN INVESTIGATION OF THE FRANCHISE.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

## LIST OF STATE SPECIFIC EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b><u>State</u></b>	<b><u>Effective Date</u></b>
California*	7/18/08
Hawaii	4/1/08
Illinois	3/20/08
Indiana	2/21/08
Michigan	2/21/08
Minnesota	4/21/08
New York	2/27/08
North Dakota	6/25/08
Oregon	5/1/08
Rhode Island	2/18/08
South Dakota	3/4/08
Virginia	3/5/08
Washington	3/4/08
Wisconsin	2/25/08

\* We use a separate Franchise Disclosure Document in California

**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.**

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

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

2. 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.

3. 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.

4. 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.

5. 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.

6. 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:

- (a) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (c) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (d) 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.

7. 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).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise  
670 G. Mennen Williams Building  
Lansing, Michigan 48933  
Telephone Number: (517) 373-7117

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## EXHIBITS

Exhibit A	Financial Statements
Exhibit B	Form of Deposit Agreement
Exhibit C	Form of Clinic Franchise Agreement and Related Materials (Exhibits)
Exhibit D	Form of Development Agreement
Exhibit E	Form of Conversion Addendum
Exhibit F	Form of NCP Addendum
Exhibit G	Form of Principal Owners' Statement
Exhibit H	Form of Principal Owners' Guaranty
Exhibit I	Forms of General Release – Renewal or Assignment
Exhibit J	Form of Medical Practice Management Agreement
Exhibit K	Form of Business Associate Agreement
Exhibit L	Form of Electronic Funds Transfer Agreement
Exhibit M	List of Franchisees and Licensed Businesses
Exhibit N	List of Franchisees and Licensed Businesses Who Have Left the System
Exhibit O	List of State Agencies/Agents for Service of Process
Exhibit P	Form of State Specific Addenda and Exhibits
Exhibit Q	Form of Franchise Compliance Certification
Exhibit R	Table of Contents of Operating Manual
Exhibit S	Receipts

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM OR RIDER.



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

The Franchisor is MEDI-WEIGHTLOSS FRANCHISING USA, LLC, referred to as “we,” “us,” or “our.” “You” means a person who acquires a franchise from us. If you are a corporation, partnership or other entity, certain provisions of our Clinic Franchise Agreement or Area Development Agreement also will apply to your owners and your owners must sign our "**Principal Owners' Guaranty**", which means that all of the terms of the Clinic Franchise Agreement or Development Agreement which you sign apply to your owners. “You” may also mean the persons or entity that enters into a Medical Practice Management Agreement, if any.

We are a Florida limited liability company formed on January 24, 2008. Our principal business address is 509 S. Hyde Park Avenue, Tampa, Florida, 33606. Our phone number is (813) 228-6334, and our website is [www.mediweightloss.com](http://www.mediweightloss.com). Our agent in Florida for service of process is Derek Kaloust, 509 S. Hyde Park Avenue, Tampa, FL 33606, and if different in another state is, if applicable, disclosed in Exhibit “O.” We conduct business under our corporate name, MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and under the name “**Medi-Weightloss Clinics**” and “**MEDI-WEIGHTLOSS FRANCHISING**”.

**Our Parent**

We do not have a parent company.

**Our Predecessors and Affiliates.**

Each of our affiliates are our predecessors in that they have contributed the know-how, intellectual property and systems they helped develop for us to enable us to offer franchises for MEDI-WEIGHTLOSS CLINICS® Businesses. Our predecessors and affiliates include: Physician’s Health Management, LLC; Medi-Weightloss Clinics, LLC; Medi IP Licensing LLC; Vita Nutritionals, LLC; and Bariatric Medical Seminars, LLC. Each shares varying degrees of common control and ownership with our owners. Each have participated in the development of our franchise system, and have directly or indirectly assigned all of the know-how and intellectual property they created relating to our franchise program.

Physician’s Health Management, LLC (“**PHM**”) is affiliated with us by common ownership. PHM is a Florida limited liability company. PHM’s address is 509 S. Hyde Park Avenue, Tampa, Florida 33606. PHM’s telephone number is (813) 228-6334. PHM was formed on July 6, 2005 and engaged in the business of licensing trademarks and intellectual property to “Licensed Businesses” (described later in this Item) and to us.

Medi-Weightloss Clinics, LLC (“**MWLC**”) is affiliated with us by common ownership. MWLC is a Florida Limited Liability Company formed on October 18, 2005. MWLC’s address is 509 S. Hyde Park Avenue, Tampa, Florida 33606. MWLC’s telephone number is 813-228-6334. MWLC entered into relationships with Licensed Businesses.

Medi IP, LLC (“**Medi IP**”) is affiliated with us by common ownership. Medi IP is a Florida limited liability company formed on January 25, 2008 in Tampa, Florida. Medi IP’s address and telephone number is the same as ours. Medi IP owns intellectual property and marks, and licenses to us for use in the Medi-Weightloss Clinics® franchise system. See Items 13 and 14 of this disclosure document.

Vita Nutritionals, LLC (“VNL”) is affiliated with us by common ownership. VNL is a Florida limited liability company formed on May 25, 2006 in Tampa, Florida. VNL’s address is 768 Seminole Boulevard, Tarpon Springs, Florida 34089. VNL’s telephone number is (727) 422-4036. VNL engages in supply of products and services to us, which we resell to the Medi-Weightloss Clinics® franchise system, and is an “**Approved Supplier**”. See Item 8 of this disclosure document for our discussion of approved suppliers.

Bariatric Medical Seminars, LLC (“BMS”) is owned by one of our owners, Edward Zbella, M.D. BMS is a limited liability company formed under the laws of Florida on January 29, 2008. BMS’ address is 2454 McMullen Booth Road, Suite 601, Clearwater, Florida 33759. BMS’ telephone number is (727) 422-9955. BMS is an approved supplier of professional (un-clinical) training to MEDI-WEIGHTLOSS CLINICS® Businesses, as well as independent medical practices with which they may associate. See our discussion under Regulations in this Item 1.

### **Our Affiliates’ Licensed Businesses and Exclusive Sales Representative Businesses**

Working together, beginning in July 2005, PHM and MWLC offered opportunities for physicians and other investors to enter into business deals under which MWLC became part owner (usually 51%) of, or licensed others the right to operate businesses that are similar to the MEDI-WEIGHTLOSS CLINICS® Businesses (the “**Licensed Businesses**”). Under these Licensed Business relationships, MWLC served as a medical practice management provider to many of the Licensed Businesses, and PHM licensed to them the right to use the intellectual property that comprised the diet program they offered, and the Marks. From July 2005 through February 2008, MWLC and PHM entered into/granted 36 Licensed Business relationships. MWLC has been part owner of nine (9) Licensed Businesses, and as of the date of this Disclosure Document is part owner of five (5) Licensed Businesses. In February 2008, MWLC and PHM ceased offering opportunities to become Licensed Businesses.

#### Licensed Businesses Owned By Our Affiliates

MWLC owned 51% and Medi-Weightloss Clinics Holdings owned 49% of Medi-Weightloss Clinics Pensacola, LLC (the Licensed Business). On April 30, 2008 a 2<sup>nd</sup> Amendment to the Operating Agreement of the Licensed Business was executed making MWLC owner of 50% and Medi-Weightloss Clinics Holdings owner of 50% of the Licensed Business.

MWLC owned 51% and WWH Weightloss, LLC owned 49% of Medi-Weightloss Clinics Lutz 1, LLC (the Licensed Business). On April 23, 2008 a 2<sup>nd</sup> Amendment to the Operating Agreement of the Licensed Business was executed making MWLC owner of 50% and WWH Weightloss, LLC owner of 50% of the Licensed Business.

MWLC owned 51% and Medi Kennedy, LLC owned 49% of Medi-Weightloss Clinics Kennedy, LLC (the Licensed Business). On April 23, 2008 a 2<sup>nd</sup> Amendment to the Operating Agreement of the Licensed Business was executed whereby making MWLC owner of 50% and Medi Kennedy, LLC owner of 50% of the Licensed Business.

MWLC owned 51% and Medi Brandon, LLC owned 49% of Medi Weightloss Clinics Brandon 1, LLC (the Licensed Business). On April 23, 2008 a 2<sup>nd</sup> Amendment to the Operating Agreement of the Licensed Business was executed whereby making MWLC owner of 50% and Medi Brandon, LLC owner of 50% of the Licensed Business.

MWLC owns 51% and Kaloust Donovan Medi, LLC owns 49% of Medi-Weightloss Clinics Woburn I, LLC (the Licensed Business).

### Licensed Businesses Formerly Owned by Our Affiliates

MWLC owned 51% of and Medi MacDill, LLC owned 49% of Medi-Weightloss Clinic MacDill, LLC (the Licensed Business). MWLC transferred its interest in the Licensed Business to Medi MacDill, LLC on January 27, 2009.

MWLC owned 51% and Network Management Services, LLC owned 49% of Medi-Weightloss Fort Myers 1, LLC. (the Licensed Business). MWLC transferred its interest in this Licensed Business to Network Management Services, LLC on November 14, 2007. On June 10, 2008 the Licensed Business converted to a Franchise.

MWLC owned 51% of MediWeightloss Clinics Pinellas, LLC until June 12, 2007.

MWLC owned 51% and Edward Zbella, M.D., PA owned 49% (transferred to Florida Fertility Institute, PA) of Medi Weightloss Clinic of Clearwater Zbella MD, LLC (the Licensed Business). MWLC transferred its interest in this Licensed Business to Florida Fertility Institute, P.A. on September 11, 2007.

Later, MWLC entered into agreements with Licensed Businesses under which MWLC was not an owner of the Licensed Businesses. MWLC entered into thirty four (34) of these relationships, of which twenty-six (26) remain in operation.

Beginning in July 2005, MWLC also entered into six (6) exclusive sales agent agreements with Licensed Businesses which were granted rights similar to Area Representatives described below (the "**Exclusive Sales Representative Businesses**"). Of these six (6) Exclusive Sales Representative Businesses, two (2) converted to our Area Representative Program, one (1) was terminated by us and one (1) converted its relationship to that of a franchise broker. In February 2008, MWLC ceased offering opportunities to obtain Exclusive Sales Representative Businesses. (We also sometimes referred to the Exclusive Sales Representative Business as Business Development Managers). MWLC has had an ownership interest in zero (0) Exclusive Sales Representative Businesses and has an ownership interest in zero (0) Exclusive Sales Representative Businesses. See Exhibit "M."

VNL supplied products and equipment to the Licensed Businesses and Exclusive Sales Representative Businesses. Currently, it supplies those items to us which we re-sell to our franchisees and the Licensed Businesses. It may also serve as an Approved Supplier to our Franchise System. See Item 8 for information regarding Approved Suppliers.

See Items 20 and Exhibits M and N for additional information regarding our Affiliated Licensed Businesses and Exclusive Sales Representative Businesses.

PHM and MWLC believe the structure of the Licensed Businesses and Exclusive Sales Representative Businesses differ significantly from the franchises we offer, and were not franchises. Our affiliates used these structures to address limitations imposed by the "**Corporate Practice of Medicine**". Our common owners decided to switch to a franchise system to allow us to change the ownership structure and licensing arrangement to a structure that we believe is a franchise. Our goal is to create a franchise system which can be flexible and compliant with corporate practices of medicine doctrines and other laws that regulate health care providers.

### **Our Business.**

We began offering franchises for MEDI-WEIGHTLOSS CLINICS® Businesses as of February 1, 2008. We also act as a supplier/reseller of products and services to MEDI-WEIGHTLOSS CLINICS®

Businesses and Licensed Businesses. See “**Our Unit Franchise Program**” below. We do not engage in other business activities and have not offered franchises in other lines of business. We have not operated any MEDI-WEIGHTLOSS CLINICS® Businesses, but, as described above, certain of our affiliates have operated similar businesses as Licensed Businesses and Business Development Managers. See “**Our Predecessors and Affiliates**,” in this Item 1.

Except as described above, none of our parent, predecessors or affiliates has offered franchises in this or any other lines of business.

## **Our Unit Franchise Program.**

### **MEDI-WEIGHTLOSS CLINICS® Businesses**

Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system for the development and operation of businesses that, using our System, Marks and Copyrights, offer the Products and Services we designate or approve (the “**MEDI-WEIGHTLOSS CLINICS® Businesses**”). We sometimes refer to the right to acquire individual MEDI-WEIGHTLOSS CLINICS® Businesses as our “**Unit Franchise Program**”.

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of MEDI-WEIGHTLOSS CLINICS® Businesses, including the trade and service marks “MEDI-WEIGHTLOSS CLINICS®” (design), “MEDI-WEIGHTLOSS CLINICS®” (word mark), “THE ONE THAT WORKS!®” and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of MEDI-WEIGHTLOSS CLINICS® Business (collectively, the “**Marks**”).

The products and services we designate for offer and sale by MEDI-WEIGHTLOSS CLINICS® Businesses include our proprietary, designated or approved weight loss, nutritional weight management and wellness products and services, and other products and services we may designate or approve from time to time (the “**Products and Services**”). The Products and Services form part of our proprietary *medically-supervised* weight loss, wellness, nutritional and weight management program which we call the “**MEDI-WEIGHTLOSS CLINICS® Program**” or “**Our Program**.”

The primary business of the MEDI-WEIGHTLOSS CLINICS® Businesses is to offer the MEDI-WEIGHTLOSS CLINICS® Program. The MEDI-WEIGHTLOSS CLINICS® Program includes those Products and Services which we refer to in our Manuals as our “**Foundational Products and Services**,” “**Branded Products and Services**,” and “**Ancillary Products and Services**”, as well as “**Medical Products and Services**” which are other services that may be required by applicable law to be provided by an independent Physician employed by a medical practice (or by you if permitted by law) responsible for supervising and/or monitoring the MEDI-WEIGHTLOSS CLINICS® Program. For example, among the current Medical Products and Services are the pharmaceuticals we designate or approve. And, for example, the current Foundational Products and Services include: the prescription medications used in the MEDI-WEIGHTLOSS CLINICS® Program; its Manuals; marketing programs for the MEDI-WEIGHTLOSS CLINICS® Program; medical protocols for the MEDI-WEIGHTLOSS CLINICS® Program; patient flow materials for the MEDI-WEIGHTLOSS CLINICS® Program; use of the Advantage Website we designate for the MEDI-WEIGHTLOSS CLINICS® Program; the use of MIC injections, vitamin injections; and the diet program for the MEDI-WEIGHTLOSS CLINICS® Program consisting of the “Acute Phase” and “Short Term Maintenance”.

In this Disclosure Document, we refer to franchised MEDI-WEIGHTLOSS CLINICS® Businesses or MEDI-WEIGHTLOSS CLINICS® Businesses that are owned or controlled, in whole or in part, by us or our affiliates (each a “**Company Owned Business**”). We sometimes refer to Company Owned Businesses, Licensed Businesses and MEDI-WEIGHTLOSS CLINICS® Businesses, Area Representatives and Area Developers as “**System Businesses**.”

### **Our Flexible Clinic/Practice Structure**

Franchising of businesses that offer medical or quasi-medical products or services is complex and requires the parties to be flexible. We have built a certain amount of flexibility into the Unit Franchise Program, as described below.

Because Medical Products and Services may be required by law to be provided by licensed health care providers, and because some states prohibit non-physicians from owning businesses that provide the Medical Products and Services, we generally require the structure of the MEDI-WEIGHTLOSS CLINICS® Business to be such that it is operated by two (2) separate entities: (1) a franchised “**Clinic**” and (2) an affiliated but independent medical practice (the “**Practice**”). In these instances, the Clinic entity signs our “**Clinic Franchise Agreement**”, the form of which is attached as Exhibit "C" to this Disclosure Document, and both the Clinic and the Practice must sign our Medical Practice Management Agreement (“**MPMA**”), the form of which is attached as Exhibit "J" to this Disclosure Document. As long as the MPMA meets our minimum criteria, we permit the MPMA to be modified and negotiated between the Clinic and the Practice. Often the Practice and the Clinic have common owners.

In some instances, we (and applicable laws) will permit the MEDI-WEIGHTLOSS CLINICS® Business to be operated by a single entity. In that case the MPMA and a separate Practice is not required, and the Clinic employs the Physicians and other Professionals who provide the Medical Products and Services. However, changes to laws, or the application of laws governing the practice of medicine, referrals, fee-splitting and the like, may require that a Clinic that begins operation under one entity later utilize a separate Practice and sign an MPMA, or otherwise agree to modify the payment structures of the relationship to comply with these laws. This is a risk you must be willing to take.

When we refer to the MEDI-WEIGHTLOSS CLINICS® Business(es), we mean the combined business of offering and selling the Products and Services (either by both Clinic and Practice, or just a Clinic). However, no matter how we describe them, MEDI-WEIGHTLOSS CLINICS® Businesses operate (subject to laws governing physician autonomy and the like) under and using: our clinic management system; accounting system; distinctive business formats; uniforms; color schemes; methods; procedures; system-common practices and processes; advertising practices; hiring practices; designs; layouts; signs; product and service mix; licensed or proprietary software; hardware and electronic devices; standards; specifications; treatment protocols; and/or other System Standards defined in our Manuals, all of which we may improve, further develop or otherwise modify from time-to-time (the “**System**”). To the extent that the Practice assists with offering the MEDI-WEIGHTLOSS CLINICS® Program, it will also be required to operate in accordance with the System, besides being required at all times to maintain professional autonomy of judgment when dealing with its clients.

### **Practice Management Service**

The “**Practice Management Services**,” are those Products and Services provided by MEDI-WEIGHTLOSS CLINICS® Businesses that we designate in our Manuals from time-to-time as Practice Management Services, and which may include medical, organizational, physician practice management advertising, equipment and administrative services, products and services, and in some instances leased space. Practice Management Services are provided to health care providers who perform medical

services and dispense pharmaceuticals requiring a medical or pharmacy license in connection with the Medical Products and Services (“**Physician Activities**”). Because in many instances the MEDI-WEIGHTLOSS CLINICS® Business is operated using both a Clinic Franchise Agreement and MPMA, under the MPMA, the Clinic will often offer Practice Management Services to the Practice.

### **Use of Professionals and Physicians**

In conducting your MEDI-WEIGHTLOSS CLINICS® Business, you are required to develop and operate the Clinic in such a way that you must hire or obtain the services of qualified personnel, which may include Advanced Registered Nurse Practitioners, Physician Assistants, Medical Technicians, Medical Assistants or similar types of personnel to assist in providing the Products or Services (the “**Professionals**”). Depending on the laws of your state, the Professionals may be employed by the Clinic or the Practice. The Professionals will work either at the Clinic or the Practice. They must be supervised by a medical director who may be required to be an M.D. or D.O., but that medical director may not need be on-site unless required by state law. As part of the Products and Services, you will also be required to utilize and refer to the Physicians we designate or approve who provide the MEDI-WEIGHTLOSS CLINICS® Program (the “**Physicians**”). We do not control or designate your referrals to any Physicians who do not offer the MEDI-WEIGHTLOSS CLINICS® Program. We generally expect that you may choose to utilize up to two Physicians: one on-Site, and the other to be “on-call.” But, you may utilize only one Physician if applicable laws permit you to do so. We do not require the use of 2 Physicians unless applicable laws do so.

Like the Professionals, the Physicians may be employed by the Clinic or by the Practice depending on the applicable laws governing their profession in the state in which the MEDI-WEIGHTLOSS CLINICS® Business is located. Regardless, you are solely responsible for ensuring that the Medical Director, Physicians and the Professionals are properly licensed and certificated as required by applicable state law.

### **We Don’t Practice Medicine**

You are prohibited from engaging in the practice of medicine or any other activities in violation of applicable state or federal law. We believe our franchise system is structured so that we don’t practice medicine, which is our goal and intent. While the MEDI-WEIGHTLOSS CLINICS® Businesses provide certain Products and Services, sometimes they do not and are not authorized by us to, where prohibited by applicable law or by us, provide the Medical Products and Services. Instead, in those circumstances, they will offer other Products and Services to, and in conjunction with, or separate from the Practice, and coordinate marketing and delivery of the Medical Products and Services with the Practice. In instances where the Clinic directly employs the Physicians and other Professionals, the Clinic, Physicians and other Professionals are responsible for making sure that their relationships retain the independent professional autonomy of judgment that is required by applicable law. In some states, we or applicable law may require that all of the owners of the Clinic and/or the Practice be licensed Physicians. But, we, the franchisor, do not promise to provide, and do not intend to provide, medical advice to you or your customers. If you operate in conjunction with a Practice, the MPMA will require the Practice to provide the Medical Products and Services. In some states, in order for the Physicians to be employed by the Clinic, you will need to sign our form of Non-Corporate Practice of Medicine Addendum (the “**NCP Addendum**”) attached as Exhibit “F”. The NCP Addendum may be negotiated between you and us to comply with applicable laws, rules and regulations.

We do not provide training on medical procedures to the Physicians or Professionals, but we and the MEDI-WEIGHTLOSS CLINICS® Businesses require them to obtain training from a designated supplier of professional training. Currently, we designate BMS as this supplier. Some of this training, as

described in Item 11, is mandatory and some of it is optional. Both mandatory and optional training may require you to pay our or third parties' then current fees for such training.

### **Other Attributes of the Unit Franchise Program**

A current feature of our System is also MWLC's (or potentially our) ability to offer the MEDI-WEIGHTLOSS CLINICS® Businesses the opportunity to participate in (be named as a named insured under) MWLC's (or potentially our) group professional liability policy. In this capacity MWLC (or we) may serve as an Approved Supplier of these services, but we and/or MWLC do not ourselves engage in the sale of insurance. See Item 8. Also, we and MWLC do not promise or represent that MWLC's or our insurer will continue to offer this opportunity, or that our or MWLC's insurer will not drop some or all of the Licensed Businesses or MEDI-WEIGHTLOSS CLINICS® Businesses from our or MWLC's group policy.

### **Cold Start vs. Practice Based Franchisees**

Because our MEDI-WEIGHTLOSS CLINICS® Program is closely tied to the utilization of medical services, we find that there are material differences between prospective franchisees who operate, or will convert for operation their or others' existing medical practices or other similar practices with a patient base, like a chiropractic practice or other wellness practice, as compared to prospective franchisees who are not affiliated with or will not convert an existing practice to start a MEDI-WEIGHTLOSS CLINICS® Business. We refer to those prospective franchisees who have, or will have, such relationships with existing practices and patient base as "Patient Based" MEDI-WEIGHTLOSS CLINICS® Businesses. In contrast, we refer to those who do not have, or will not have, an existing practice and patient base as "Cold Start" MEDI-WEIGHTLOSS CLINICS® Businesses. See our discussion in Item 19, Financial Performance Representations, regarding differences in performance between the Patient Based and Cold Start MEDI-WEIGHTLOSS CLINICS® Businesses. We also offer different initial franchise fees to those who are Cold Start MEDI-WEIGHTLOSS CLINICS® Businesses and who qualify for our Cold Start Program (versus Patient Based MEDI-WEIGHTLOSS CLINICS® Business). (See Items 5 and 19 of this Disclosure Document)

### **Our Conversion Program.**

We plan to offer each of our Licensed Businesses and Area Managers the opportunity to convert from Licensed Businesses to franchised MEDI-WEIGHTLOSS CLINICS® Businesses. We offer the right to do so under our form of "**Conversion Addendum**" (attached as Exhibit E to this Disclosure Document). Under the Conversion Program, we may waive certain fees and may offer other negotiated benefits.

### **Area Development Program.**

We also grant to certain persons who meet our qualifications and are willing to undertake the additional investment and effort the right (the "**Development Rights**") to, in accordance with a certain time table (the "**Development Schedule**"), develop and operate multiple MEDI-WEIGHTLOSS CLINICS® Businesses within a certain defined geographic area (the "**Development Area**"). We call this opportunity the "**Area Development Program**". The Development Rights are offered only in accordance with the terms of our current Area Development Agreement (the "**Development Agreement**"), a copy of which is attached to this Franchise Disclosure Document as Exhibit "D." (For more information on the Area Development Program, see Items 5, 6, 7, 9, 11, 12, 17 and Exhibit "D" of this Franchise Disclosure Document.)

### **Area Representative Program.**

We have granted and may grant to certain persons who meet our qualifications and are willing to undertake the additional investment and effort the right (the “**Area Representative Rights**”) to, within a certain geographic area (the “**Area Representative Area**”): (a) to develop and operate one or multiple MEDI-WEIGHTLOSS CLINICS® Businesses, and (b) to solicit others to operate and provide services to others who will operate MEDI-WEIGHTLOSS CLINICS® Businesses (the “**Area Representative Program**”). The Area Representative Rights, if offered, are offered only in accordance with the terms of our current Area Representative Agreement (the “**Area Representative Agreement**”), and are NOT offered under this Franchise Disclosure Document. This Franchise Disclosure Document only applies to Area Development rights and Unit Franchise Program rights. As of the date of this Disclosure Document, we are currently not offering new Area Representative Rights but do offer others the right to serve as franchise brokers. See Item 2.

### **Competition.**

The primary target market for services and products provided by MEDI-WEIGHTLOSS CLINICS® Businesses are both men and women typically between the ages of 18 to 60. The target customers (clients) include any individuals who are seeking to reduce their weight, or improve their health, wellness or nutritional status, and who are sufficiently healthy to be cleared by their doctor, or the Physicians to participate in the products and services that MEDI-WEIGHTLOSS CLINICS® Businesses offer. The target customers for the MEDI-WEIGHTLOSS CLINICS® Businesses also include physicians' practices who are seeking to add additional weightloss, weight management, wellness and nutritional product and service lines to their practices. So, in instances where the MEDI-WEIGHTLOSS CLINICS® Businesses are prohibited by applicable law from directly employing Physicians and other Professionals, or where they choose to or will require them to affiliate with an independent medical practice which will employ those Professionals and Physicians, the MEDI-WEIGHTLOSS CLINICS® Businesses customer base also includes those independent medical practices. The market for both the products and services offered to customers as well as the products and services offered to medical practices is highly competitive and are maturing or mature in many markets. To some extent, the market for the health, wellness, weight loss or nutritional products offered to customers of the MEDI-WEIGHTLOSS CLINICS® Businesses is seasonal. There are often increases in business to some extent beginning in January through mid-year. With respect to customers seeking to purchase the health, wellness, nutritional and weight loss products, you will be competing with other national and regional chains as well as independent weight loss, health, wellness and nutrition businesses. Also, the market for products and services relating to weight loss, health, wellness and nutrition is highly competitive in connection with sales via internet, infomercial and other direct advertising. In connection with the physician monitored aspects of the MEDI-WEIGHTLOSS CLINICS® Program, many physicians now offer some form of medically supervised weight loss programs and the market for these services is becoming increasingly competitive.

### **Regulations.**

One of your obligations is to ensure that our general model for use of either: (a) an affiliated Practice to engage in the offer and sale of the Medical Products and Services (and any other aspects of the Practice of a Profession or the Practice of Medicine (described below) that you are prohibited from performing) or (b) your employment of Physicians and other Professionals complies with the applicable laws and rules in your state. We require that, within 30 days of the date you sign the Clinic Franchise Agreement (the “**Agreement Date**”) or before you open for business you must have completed, and provided us with a copy of a regulatory review (the “**Review**”) of the legal and health care rules and regulations in your state that apply to your operation of your Clinic and your relationships with the Practice (and or the Physicians and Professionals you employ, if any), including an opinion of your legal



counsel. The opinion from your legal counsel must address whether or not you may operate a Clinic and/or Practice in your state, the restrictions that apply on your Clinic's operations and relations with the Practice and whether such laws are consistent with the Clinic Franchise Agreement. If (a) that regulatory review would render it impossible or impractical to operate a Clinic or Practice, in your state in accordance with the Clinic Franchise Agreement (and/or MPMA) and (b) you and we are unable to modify your operations to enable the Clinic and/or Practice to comply, then you or we may terminate your Clinic Franchise Agreement (and you or the Practice may terminate the MPMA) immediately upon written notice. Our failure to require you to conduct, or our waiver of your obligation to conduct the Review is not a representation or opinion on our part that the operations of your MEDI-WEIGHTLOSS CLINICS® Business is, or is not, in compliance with applicable laws.

Because of the need to be flexible and to modify your relationship with us to comply with applicable laws, you will need to closely monitor legal developments in the laws relating to the medical and pharmaceutical aspects of this business venture.

In order to comply with HIPAA, a federal statute that, among other things, protects patient confidentiality, you will be required to comply with all applicable laws, rules and regulations relating to patient privacy, and to sign our "**Business Associate Agreement**" attached as Exhibit "K" to this Disclosure Document. Subject to our approval, you are required to modify the Business Associate Agreement form to comply with the laws and rules of your State and federal law.

You must also comply with all of our policies and procedures, as well as applicable laws and regulations, for interacting with the Physicians and any Practice and for making referrals of their Products and Services to customers. These policies, laws and regulations may necessitate, for example, your employing the Physicians or other Professionals and/or being owned by Physicians. You must establish billing policies that we designate or approve. In doing so, for example, you must comply with all of our policies and procedures, as well as applicable laws and regulations, for establishing payment relationships with and the sale or lease of Practice Management Services to such Physicians and such Practice. But regardless of the structure chosen, you are responsible for ensuring that your business and its payment practices and relationships with the Physicians, other Professionals and Practice complies with all applicable laws, rules, regulations, statutes, ordinances and ethical Standards for Conduct.

As indicated above, we may require you to restructure your compensation arrangements with us, the Practice, Physicians or the Professionals in order to comply with these requirements. You are responsible for ensuring that the Professionals and the Physicians, as well as any other healthcare-related professionals who are employed by or work with you in any manner, are properly licensed, certified, trained, educated and experienced to perform the tasks assigned to them or to which they are likely to engage in connection with their relationship with you, your clients or the MEDI-WEIGHTLOSS CLINICS® Business. You must also agree that, to the extent we designate or to which you are otherwise prohibited by applicable laws or regulations, you will not bill nor accept any form of insurance, including Medicare, Medicaid or private insurance, for or in connection with the Products or Services rendered or any other activity or service in connection with your customers. We may change this policy at any time. Also, in limited circumstances, we, subject to our System Standards, may permit you to service customers (clients) whose Products or Services are paid for or reimbursed by self-insured companies or third party payors we designate or approve. This limitation may restrict the customers/clients to which you market or provide Products or Services (such as prohibiting you from offering or selling to Medicaid, Medicare or insurance-reimbursed customers) and you willingly accept such limitation so that you may focus the activities of your Business, and limit them to the extent we may designate, to "**cash**" payment on a fee-for-service basis. By "**cash payment on a fee-for-service basis**," we mean that you charge your customers fees paid by credit card, cash, debit card, checks or the like, which are paid directly by the customer and not by any public or private insurance carrier or fund.

In some states, if you must be licensed as a "**Clinic**" or similar entity, you may need to comply with state licensing laws which, among other things, may require your Clinic to be designed by a medical architect.

Examples of other medical licenses or similar certifications or approvals that your MEDI-WEIGHTLOSS CLINICS® Business may be required to obtain, either through the Clinic or through the Practice, include medical licenses, physician assistant certificates or licensure, nurse practitioner licensure or certificates, copies of controlled substance registrations (DEA licenses), copies of dispensing licenses and registrations for Physicians, physician assistants and nurse practitioners, biohazard permits, certificate of status, and the like.

Because the Medical Products and Services utilize pharmaceuticals we designate or approve, you should be aware of risks faced by competitors who have used drugs of similar and different origin. Class action and individual claims like those in the "phen-phen" litigation discussed in the news and medical journals over the past several years have been significant. We cannot guarantee or represent that similar litigation will not arise from your operations. You should research and become familiar with the legal risks of offering medical based diet programs prior to making your investment decision.

Finally, you should understand that: (a) you are entering into a particular business which, (whether franchised or not) necessarily involves some unavoidable risk of loss or failure; (b) the purchase of a franchise may improve your chances for success, however, the purchase of a MEDI-WEIGHTLOSS CLINICS® Business (or any other franchise) is a speculative investment and success cannot be guaranteed; (c) significant investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; (d) there exists no guaranty against possible loss or failure in this or any other business; and (e) the most important factors in the success of any MEDI-WEIGHTLOSS CLINICS® Business, including the one to be operated by you, are location and your personal operations, marketing, and other business skills and judgment.

## **ITEM 2** **BUSINESS EXPERIENCE**

### **Chief Executive Officer and Member: Edward Kaloust**

Mr. Kaloust has served as our Chief Executive Officer and as one of our members in Tampa, Florida since our inception in January 2008. He is also the Chief Executive Officer, President and a member of Medi-Weightloss Clinics, LLC, in Tampa, Florida and has served in that position since October 2005. He serves as the CEO, President and a member of Physician's Health Management, LLC, in Tampa, Florida and has served in that capacity since its inception in December 2005. He also serves as the CEO and a member of Vita Nutritionals, LLC, in Tampa (and Tarpon Springs), Florida and has served in that capacity since its inception in May 2006. He serves as CEO and a member of Medi IP, LLC in Tampa, Florida and has served in that position since its inception in January 2008. Mr. Kaloust also has served as Chairman of The Bank of Florida - Tampa Bay, in Tampa, Florida since October 24, 2004.

### **President and Member: James A. Edlund**

Mr. Edlund has served as our President and as one of our members in Tampa, Florida since our inception in January, 2008. He has served as President of Physician's Health Management, LLC in Tampa, Florida since July 6, 2006, and for Medi-Weightloss Clinics, LLC in Tampa, Florida since October 2005. He has served as a board member of Vita Nutritionals, LLC, in Tampa and Tarpon Springs, Florida since May 25, 2006. He also serves as President and member of Medi IP, LLC in Tampa, Florida and as served in that position since its inception in January, 2008.

**Member and Franchise Trainer/Chief Medical Officer: Edward Zbella, M.D.**

Dr. Zbella has served as our Franchise Trainer (through BMS) since December 2008, and as a member since our inception in January 2008, in Tampa, Florida. In December 2008, his title was changed from “Medical Director” (acting through BMS) to that of Franchise Trainer. Since that date, he has also been referred to as our Chief Medical Officer. He has served as the “Medical Director” of Medi-Weightloss Clinics, LLC in Tampa, Florida since its inception in January 2008 through the present. Since January 2008, he has been and is the President and a member of Bariatric Medical Seminars, LLC in Tampa (and Clearwater), Florida. From 1998 through the present, he has served as and is a staff physician and owner of Florida Fertility Institute in Clearwater, Florida, an entity that changed its name from Edward Zbella, M.D., P.A. in January 2007. He is also the Medical Director of Women’s Medical Research Group in Clearwater, Florida, having served in that capacity from September, 2003 through the present. He also serves as the Director of the Division of Reproductive Endocrinology and Fertility at Bayfront Medical Center in St. Petersburg, Florida, having served in that capacity since 1992.

**Senior Vice President and General Counsel: Derek Kaloust**

Mr. Kaloust has served as our Senior Vice President and General Counsel in Tampa, Florida since our inception in January 2008. Beginning in September, 2007, he has served as and continues to serve as the in-house legal counsel in Tampa, Florida for our affiliates: Medi-Weightloss Clinics, LLC and Physician’s Health Management, LLC. Prior to serving in these positions, from September 1999 to October 2006, he served as an attorney for New York Life Insurance Company in Dallas, Texas.

**Senior Vice President of Operations: John Kaloust**

Mr. Kaloust has served as our Senior Vice President of Operations in Tampa, Florida since our inception in January 2008. Since December 2006, he has served as the Senior Vice President of Operations for Medi-Weightloss Clinics, LLC in Tampa, Florida. He served as a general agent for American United Life in Tampa, Florida from July 2003 through December 2006.

**Executive Vice President of Marketing and Administration: Carol Balkcom**

Since November 2008, Ms. Balkcom has served and currently serves as Executive Vice President of Marketing and Administration in Tampa, Florida. She has served in Tampa, Florida in the previous position of Senior Vice President since our inception in July 2008. From July 1992 through October 2005 she served as an agent/broker and broker manager for New England Financial in Tampa, Florida.

**Senior Vice President of Business Development: R. Andrew Cox**

Mr. Cox has served as our Senior Vice President of Business Development in Tampa, Florida since our inception in January 2008. Since March 2007, he has also served as and serves as the Senior Vice President of National Sales for Medi-Weightloss Clinics, LLC in Tampa, Florida as well as the Senior Vice President of Sales for Physician’s Health Management, LLC in Tampa, Florida. Prior to joining our affiliates in March 2007, he served as the Vice President of Sales for MABIS Healthcare in Waukegan, Illinois from March 2005 through March 2007. He was also the National Business Manager-Pharmaceutical Business Unit for bioMerieux, Inc. in Durham, North Carolina and St. Louis, Missouri from May 2002 through February 2005.

**Chief Compliance Office and Director of Research & Development: Macklin Guzman, MPH**

Mr. Guzman has served as our Chief Compliance Officer and Director of Research & Development in Tampa, Florida since our inception in January 2008. He was previously employed as Compliance Officer & Clinic Support Specialist for Medi-Weightloss Clinics, LLC in Tampa, Florida, since May 2007. Prior to joining Medi-Weightloss Clinics, LLC, Mr. Guzman was Director of Operations and Health Services for Homewatch Caregivers, Inc. in Clearwater, Florida from November 2005 through April 2007. He worked as the Special Projects Coordinator at The Massachusetts General Hospital in the transplant unit from May through October 2005. From May 2004 through September 2004 he interned as a Product Development Analyst at HealthMarket Inc, in Norwalk, Connecticut.

**Director of Clinic Management: Stacey Heald**

Ms. Heald has served as our Director of Clinic Management in Tampa, Florida since our inception in January 2008. She has served as Director of Clinic Management for our affiliate, Medi-Weightloss Clinics, LLC in Tampa, Florida since July, 2006. Ms. Heald served as the Billing Office Manager for Lucy C. Love, M.D. in Tampa, Florida from January, 2004 through July, 2006 and was a satellite Office Manager for Charlotte Surgical Group in Charlotte, North Carolina from April 2002 through October 2004.

**Director of Marketing: April Plank**

Ms. Plank has served as our Director of Marketing in Tampa, Florida since our inception in January 2008. She has also served as the Director of Marketing for Medi-Weightloss Clinics, LLC in Tampa, Florida since September, 2007. From December 2003 through January 2007, Ms. Plank served as the Assistant Director of Fitness for the University of Cincinnati in Cincinnati, Ohio.

**Western Director of Business Development: Brooks Edlund**

Mr. Edlund has served as our Western Director of Business Development in Tampa, Florida since our inception in January 2008. He has served as the Southwest Sales Manager for our affiliate Medi-Weightloss Clinics, LLC in Tampa, Florida since July, 2007. From February 1999 through March 2007, he served as the Regional Business Director for Cytoc Corporation in Marlboro, Massachusetts while working out of Chicago, Illinois and Dallas, Texas.

**Vice President of Medical Affairs: Evelyn Kikta**

Ms. Kikta has served as our Vice President of Medical Affairs in Tampa, Florida since our inception in January 2008. From October 2007 through the present, she has served as an owner of, and nurse practitioner for Medi-Weightloss Trinity, LLC in New Port Richey, Florida. From July 2007 through the present, she has also served as Vice President of Medical Affairs for Medi-Weightloss Clinics, LLC in Tampa, Florida. From February 1995 through February 2006, Ms. Kikta was a part-time OBGYN nurse practitioner for the Hillsborough County Correctional Institute in Tampa, Florida. She has been the President of Vita Nutritionals, LLC in Tarpon Springs, Florida, since July 2008.

**Corporate Dietitian: Leslie E. Carter, RD, LD/N**

Ms. Carter has served as our Corporate Dietitian in Tampa, Florida since our inception in January 2008. She was previously employed as the Clinic Support Specialist and Dietitian/Nutritionist for Medi-Weightloss Clinics, LLC since September 2007. Prior to joining Medi-Weightloss Clinics, LLC, Ms. Carter was a Registered and Licensed Dietitian working at University Community Hospital in Tampa,

Florida from January 2006 to August 2007. From May 2005 through February 2006, she was Nutrition Care Manager at the Springs at Boca Ciega Bay in St. Petersburg, Florida. Before that, from September 2003 through May 2005, she was a Clinical Nutrition Specialist at Tampa General Hospital in Tampa, Florida.

### **Franchise Sellers/Brokers**

In some instances, we may, but have no obligation to, offer our Franchisees and Licensed Businesses or their owners, or others, the opportunity to earn a referral fee (usually \$3,000 or more) if they refer us a franchise prospect who joins our Franchise System. If so, these individuals and franchisees who participate in the sale of a franchise to you will be listed as franchise sellers on the receipt page of your Disclosure Document. In some instances, if required by state law, we may also describe them as a franchise broker on Exhibit S to this Disclosure Document.

### **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Disclosure Document.

### **ITEM 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this disclosure document.

### **ITEM 5 INITIAL FEES**

#### **Unit Franchise Program.**

Your “initial franchise fees” are those monies you may be required to pay to us, or to our parent or our affiliates prior to the commencement of your MEDI-WEIGHTLOSS CLINICS® Business' operations. For a Patient Based MEDI-WEIGHTLOSS CLINICS® Business, your initial franchise fees range from \$105,000 to \$165,000 which includes your Franchise Fee, Initial Package Fee and Initial License Fee. For a Cold Start MEDI-WEIGHTLOSS CLINICS® Business, your initial franchise fees range from \$205,000 to \$265,000 and includes the Cold Start Fee, Franchise Fee, Initial Package Fee and License Fee. The components of your initial franchise fees are described in this Item 5, below.

#### **Deposit**

If you enter into a deposit agreement (the “**Deposit Agreement**”) with us, we hold a geographic area as a potential territory for your franchise while you and we evaluate whether you will become a Franchisee, according to the Deposit Agreement. The deposit fee under the Deposit Agreement is \$10,000 (the “**Deposit**”). The Deposit is not refundable and is due when you sign the Deposit Agreement. However, if we grant a franchise to you under the Clinic Franchise Agreement, we will apply the Deposit to your Franchise Fee.

## Franchise Fee

When you sign the Clinic Franchise Agreement, you are required to pay a franchise fee (the “**Franchise Fee**”) that varies from \$50,000 to \$100,000. But, if you are signing an Area Development Agreement, the Franchise Fee also varies from \$21,000 to \$80,000 based on the number of franchises you purchase. Each MEDI-WEIGHTLOSS CLINICS® Business is operated pursuant to a separate Clinic Franchise Agreement. Except for franchises purchased under a Development Agreement (described below), there is no set formula for determining the Franchise Fee; it is determined based on our sole judgment, and may vary depending on a variety of statistical, demographic or economic factors, including if you use a franchise broker/referral agent, the sizes of the Market Area and Protected Areas and the population and number and types of businesses in proximity to the Site. Additional factors that may influence our judgment include actual or perceived demand for that franchise among prospective franchisees, negotiations between us and you, and our subjective belief that one Market Area or Protected Area may have greater short term or long term potential. The Franchise Fee is fully earned and non-refundable upon payment. You must pay the Franchise Fee in lump sum when you sign the Clinic Franchise Agreement. In consideration for this Franchise Fee, we grant you a franchise to operate a MEDI-WEIGHTLOSS CLINICS® Business at a specific location and provide you with the initial training described in the Clinic Franchise Agreement.

## License Fee

When you sign the Clinic Franchise Agreement, you are required to pay us, or one of our affiliates who we designate, a fee in the amount of \$25,000 (the “**Initial License Fee**”). Currently, we require this fee to be paid to Medi IP. The Initial License Fee is uniform among franchisees. The Initial License Fee is fully earned and non-refundable upon payment. You must pay the Initial License Fee in lump sum when you sign the Clinic Franchise Agreement. In consideration for this Initial License Fee, we will allow you access to confidential information relating to our System.

If you sign a Conversion Addendum, in recognition of your prior relationships with our affiliates and agreement to convert, we may waive your Initial License Fee.

## Initial Package Fee

We require you to purchase certain items for use in operating and outfitting your MEDI-WEIGHTLOSS CLINICS® Business (the “**Initial Package**”). Your Initial Package, if any, consists of those items listed on Exhibit "B" to your Clinic Franchise Agreement.

You must pay to us or our affiliate an “**Initial Package Fee**” for the Initial Package. Your Initial Package Fee will also be designated in Exhibit "B" to your Clinic Franchise Agreement. A typical Initial Package Fee ranges from \$30,000 to \$40,000. You must pay to us the Initial Package Fee when you purchase your Initial Package (which is at the time you sign your Clinic Franchise Agreement). The Initial Package Fee is non-refundable.

A typical Initial Package may consist of the items in the following chart:

<b>Item Description</b>	<b>Quantity</b>	<b>Item Description</b>	<b>Quantity</b>
17 in. Touchscreen Tangent Vita8000's	2	Sharps Container	3
Ree Vue, Printer, Metabreathers	1	Stethoscope	1
Zebra Labels 800530-20srt	1	Syringes – 1cc	1
Zebra Printer tlp2844	1	Tanita Scale TBF 310gs	1

<b>Item Description</b>	<b>Quantity</b>	<b>Item Description</b>	<b>Quantity</b>
Cable – 15 ft usb	1	Tanita Scale TBF 410gs	1
1 Lb Fat Replica	1	Tape measure – Wallmount	1
Alcohol 16 oz bottle	1	Tourniquet	10
Alcohol Dispenser	1	Urine Collection Cups	1
Alcohol Prep Pads	2	Urine Dip Sticks (blood, glucose, ketones)	1
Automated BP monitor w/comfit cuffs	1	Standard – Lab Coat	2
Automatic Pill Counter – Hispac III	1	Brochures – Trifold	250
Bags – Biohazard	1	Cards – Appointment/ Business	1000
Bandages	1	Cards – Referral	500
Canisters – Sundry Unlabeled	1	Cards – Tent	10
Cart – Utility	1	Display – “Coming Soon” Banner	1
Cotton Balls 1	1	Display – Logo Mat – Clinic	1
Drug Storage Cabinet	1	Display – Medi Posters	4
EKG – Atria 3100	1	Holder – Trifold Brochures	2
EKG Paper	1	Manual – ASBP	1
EKG tabs	5	Stationery – Letterhead	500
Examination Gloves Large Non-Latex	1	Stationery – Envelopes #10	500
Examination Gloves – Medium Non-Latex	1	Bags	100
Examination Half Gowns	1	Water Bottle	50
Examination Table Paper	1	Journal	100
First Aid Kit – OSHA	1	Ketostick	100
Gauze – Sponge 2x2	3	Key Chain	100
Hand Soap	1	Scale – Food	50
Needles – 25 x1-1/2	1	Supplement – Calcium 4 Blend	90
Needles – 22g	1	Supplement – Colon Cleanser	90
Needles 27 1/2	1	Supplement – Fat Burner	90
Needles – Butterfly system w/21g needles	1	Supplement – Omega 3	90
Needles 30g 1 inch	1	Supplement – Shake – Chocolate	12
Pill Bottles – child proof tops	1	Supplement – Shake – Vanilla	12
Pillow Case	1	Supplement – Vitamins	90
Pregnancy Tests	2	Cinnamon Protein Bars	32
Razors – disposable	1	Chocolate Protein Bars	32
Sanitizing Hand Gel Pump	2	Stay Slim	90
Sani-Wipes	2	Wellness Brochures	25

Quantities may vary.

We deliver the Initial Package to your Site at no additional costs. But installation of any items needing installation is not included with the Initial Package Fee and is at your expense.

We do not expect any franchisees signing Conversion Addenda to need an Initial Package or pay an Initial License Fee.

## **Cold Start Program**

Franchise prospects which we refer to as “Cold Start” franchisees (those without existing Medical Practices), we offer Cold Start type MEDI-WEIGHTLOSS CLINICS® Businesses the opportunity to pay a lump sum fee in the amount of \$100,000 in lieu of their first calendar year’s Monthly Fee, System Branding Fee, Administrative Support Fee and Computer License/Proprietary Software Fees (described in Item 6). This \$100,000 fee is referred to as the “**Cold Start Fee.**” The Cold Start Fee is due in lump sum at the time you execute the Clinic Franchise Agreement. The Cold Start Fee is in addition to the Franchise Fee, Initial (and Annual) License Fee, Initial Package Fee and any other fees not specifically waived under the Cold Start Program. So, the Initial Franchise Fee under the Cold Start Program ranges from \$205,000 to \$265,000. If you qualify for and elect to participate in the Cold Start Program by paying the Cold Start Fee, your doing so will be designated in Exhibit “A” to your Clinic Franchise Agreement. If you pay a Deposit under the Deposit Agreement, we will apply it to your Cold Start Fee.

## **Area Development Program.**

### **Development Fee**

If you participate in the Area Development Program, you must pay us a development fee (the “**Development Fee**”) in an amount equal to \$15,000 to \$25,000, multiplied by the number of MEDI-WEIGHTLOSS CLINICS® Businesses indicated in your Development Agreement. Based on 2 to 10 MEDI-WEIGHTLOSS CLINICS® Businesses, the Development Fee would be \$30,000 to \$250,000. The amount of the Development Fee within the ranges above is based on our sole judgment. There is no established formula or criteria. Factors that influence our judgment include actual or perceived demand for that franchise among prospective franchisees, negotiations between us and you, our subjective belief that one Development Area may have greater short term or long term potential, and the size and configuration of the Development Area. The number of MEDI-WEIGHTLOSS CLINICS® Businesses is determined by agreement between you and us and is shown on the Development Schedule, prior to signing the Development Agreement. The Development Fee is payable when you sign the Development Agreement. The Development Fee is not applied toward, nor does it entitle you to, any discount from any other fees due for any MEDI-WEIGHTLOSS CLINICS® Businesses you are to develop. The Development Fee is nonrefundable and is fully earned by us on receipt.

### **Franchise Fees and Other Fees under the Area Development Program**

Under the Development Agreement, we will agree to a predetermined Franchise Fee for each Business to be developed under the Development Schedule. These fees are negotiated between you and us and will be listed on the Development Schedule to your Development Agreement. The Franchise Fees under a Development Schedule fall into established ranges (see chart below) but those ranges will vary depending on a variety of factors described under our Unit Franchise Program, above. The current ranges of Franchise Fees due under each Clinic Franchise Agreement governed by a Development Agreement are:

<b>Number of MEDI-WEIGHTLOSS CLINICS® Businesses</b>	<b>Franchise Fee</b>
1 <sup>st</sup>	\$50,000 to \$80,000
2 <sup>nd</sup> and 3 <sup>rd</sup>	\$37,500 to 45,000 each.
4 <sup>th</sup> , 5 <sup>th</sup> and 6 <sup>th</sup>	\$28,000 to \$35,000 each.
7 <sup>th</sup> and each subsequent	\$21,000 to \$27,000 each



In return, we grant you the exclusive right to develop a certain number of MEDI-WEIGHTLOSS CLINICS® Businesses in the Development Area. The License Fee and all other fees under the Clinic Franchise Agreement are unchanged if you enter into a Development Agreement.

Except as described in this Item 5 above, there are no other fees required to be paid or purchases required to be made from us or our affiliates, prior to your beginning operations of your MEDI-WEIGHTLOSS CLINICS® Business or Area Development Business.

Certain states' franchise laws or regulations may require that if you are purchasing a Unit Franchise, we will be required to escrow franchise fees until our pre-opening obligations are completed. If this applies to the purchase of your franchise, an Escrow Agreement or fee deferral addenda in the form attached in Exhibit P - State Specific Addenda will be utilized.

**ITEM 6  
OTHER FEES**

**A. Unit and Area Development Franchise Program.**

<b>UNIT FRANCHISE, AREA DEVELOPMENT AND MPMA PROGRAM</b>			
<b>Name of Fee<sup>1</sup></b>	<b>Amount<sup>4,7</sup></b>	<b>Due Date<sup>5</sup></b>	<b>Remarks<sup>5</sup></b>
Monthly Fee	You must pay to us a "Monthly Fee" in the amount of \$6,250 per Accounting Period during the first Payment Year and \$8,333.33 per Accounting Period in the 2 <sup>nd</sup> and each subsequent Payment Year of the Term. Waived during your first calendar year of operations if you are a "Cold Start" franchise, pay the Cold Start Fee (Item 5) and participate in our Cold Start program. <sup>15</sup>	On the Payment Day of each "Accounting Period" (currently monthly)	"Accounting Periods" are a calendar month. The first "Payment Year" begins on the first day of the calendar month in which the "Opening Date" occurs, each Payment Year commences on the anniversary of the Opening Date. The Opening Date is the date we approve your MEDI-WEIGHTLOSS CLINICS® Business to open and begin accepting Clients.
Annual License Fee	\$25,000 per Payment Year. (Not waived under the Cold Start Program). <sup>15</sup>	At your option: In lump sum within 15 days following the end of each Payment Year; or \$2,083.34 per month.	You must pay this fee to us, our affiliates or our designee at our direction. (See Item 5. An Initial License Fee is due when you sign the Clinic Franchise Agreement.) We refer to both the Initial License Fee and Annual License Fee as the "License Fee."
System Branding Fee	During the First Payment Year, \$2,000 per Accounting Period; and \$3,000 per Accounting Period during the 2 <sup>nd</sup> and each subsequent Payment Year. Waived during your first calendar year of operations if you are a "Cold Start" franchise, pay the Cold Start Fee (Item 5) and participate in our Cold Start program. <sup>15</sup>	On the Payment Day of the Month following the end of each quarter Calendar Year.	See Item 11.

UNIT FRANCHISE, AREA DEVELOPMENT AND MPMA PROGRAM			
Name of Fee <sup>1</sup>	Amount <sup>4,7</sup>	Due Date <sup>5</sup>	Remarks <sup>5</sup>
Administrative Support Fee	\$400 per Accounting Period Waived during your first calendar year of operations if you are a "Cold Start" franchise and participate in our Cold Start program.	On the payment day of each Accounting Period.	First Payment Day for the Administrative Support Fee will be the date we authorize you to commence use of the software we designate following installation of that software. We will not prorate the Administrative Support Fee if any Accounting Period between payments is less than one month.
Computer License/ Proprietary Software Fees	Varies: our then current fees. Currently \$333.33, but may include an additional amount up to \$2,500 initial fee and \$2,000 per month. Waived during your first calendar year of operations if you are a "Cold Start" franchise and participate in our Cold Start program. <sup>15</sup>	The Payment Day of each Accounting Period (monthly)	Compensates us for the use of the computer system we designate and for any proprietary software we license or re-license to you.
Local Advertising Cooperative Fee <sup>2</sup>	Varies: what the cooperative designates; not to exceed \$15,000 per Calendar Year.	As established by the cooperative.	See Note 6. <b>Calendar Year</b> is January 1 through December 31.
Local Advertising/ Start Up Advertising	Varies: an amount we determine from time to time, between \$24,000 and \$48,000 per Payment Year, plus between \$5,000 and \$15,000 for the Start-Up Advertising Campaign.	On the Payment Day of the month following the end of each Payment Year quarter.	You must spend these amounts on local advertising and promotion of your MEDI-WEIGHTLOSS CLINICS® Business. (See Items 8 and 11; Note 10).
Additional Training, Assistance or Opening Team Fees	Will vary under the circumstances: Will not exceed \$1,000 per trainee per day or \$750 per trainer/Opening Team member per day. Currently is \$750 per trainee per day.	Within 15 days after billing.	See Note 11.
Site Selection Analysis	Up to \$1,000 per analysis.	Within 15 days after billing.	We include 1 site selection analysis with the Franchise Fee. Analysis of additional sites is subject to this fee. Also applies to site relocations.
Transferee Training	Lesser of: (i) our Cost of Training, or (ii) \$2,500 per person.	As incurred.	You also pay all travel and living expenses.
Renewal (successor franchise)	\$5,000.	Upon signing successor Clinic Franchise Agreement.	N/A
Operating Asset or Clinic Materials Purchases	Varies: We or our affiliates may mark up items we or they sell to you, or receive rebates.	As incurred.	See Item 8. We may also charge you our then current production, shipping, handling and storage costs for media items produced by the System Development Fund which we may provide to you in multiple copies upon your request.
Audit <sup>3</sup>	Cost of inspection or audit plus travel.	15 days after billing.	Payable only if you fail to furnish reports, supporting records or other required information or you under report Gross Sales by 2% or greater.

**UNIT FRANCHISE, AREA DEVELOPMENT AND MPMA PROGRAM**

<b>Name of Fee<sup>1</sup></b>	<b>Amount<sup>4,7</sup></b>	<b>Due Date<sup>5</sup></b>	<b>Remarks<sup>5</sup></b>
Administrative Fee	15% of any amount we pay on your behalf.	On Demand.	We reserve the right to charge you this fee if you fail to pay any required costs (insurance, advertising expenses, etc.) and we pay them on your behalf. You must also reimburse us for any amounts advanced on your behalf.
Interest	Lesser of 18% per year or highest contract rate of interest allowed by law.	Within 15 days after billing.	Payable on all overdue amounts.
Late Payment Penalties	5% of the late amount.	Due on payment of late amount.	Payable on all late payments including interest.
Manual Replacement	\$100.	Within 15 days after billing.	Cost of replacement copy if lost, severely damaged or destroyed.
Compliance Fees	Varies: \$500 to \$5,000 per compliance violation. Currently, \$500 for Level 1 violations, \$1,000 for Level 2 violations, and \$5,000 for Level 3 violations.	Due within 15 days of our billing (but not before you commence operations).	These fees are due if you breach certain System Standards and are in addition to (and do not reduce or waive other damages for breach or our other enforcement rights). We define violation types in our Manuals from time to time.
Costs and Attorneys' Fees	Will vary under the circumstances: between approximately \$0 and \$100,000.	As incurred.	Payable upon your failure to comply with the Clinic Franchise Agreement, Area Development Agreement or MPMA (See Note 8). See Items 1 and 7 about your legal costs to comply with applicable laws.
Indemnification	Will vary under circumstances: between approximately \$0 and \$1,000,000. (See Note 9).	As incurred, with 15 days after billing.	You have to reimburse us if we are held liable for claims arising from your Business' operations. Your principal owners' sign guarantees.
Testing	Cost of Testing plus travel expenses: Currently at least \$1,000 per day of testing.	Within 15 days after billing.	This covers the costs of testing new products or inspecting new suppliers you propose.
Site Relocation Fee and Relocation Expenses	\$7,000 plus our costs of relocation.	Within 15 days after billing.	This covers the cost we incur if you want to relocate the Business.
Relocation Delay Fee	Varies: Based on number of days you are closed.	Due within 15 days of our demand.	Only due if your Business is closed more than 15 days pending Site Relocation. If your Business is closed more than 15 days pending Site Relocation, you must pay to us an amount equal to: (1) the aggregate of all monthly fees paid by you during the 12 month period immediately preceding your Business Closure divided by 365, times the number of days closed, if your Business has been operating continuously throughout such 12 month period, or (2) the aggregate of all monthly fees paid by you during the period that your Business was operating continuously, if less than 12 months divided by the number of days in such period, times the number of days closed.
Business Management Fee	At least \$5,000 per month, but not more than 10% of your Gross Sales, if higher.	Paid along with the Monthly Fee on the Payment	This only applies if we operate/manage your MEDI-WEIGHTLOSS CLINICS® Business if you fail to cure breaches or become disabled or

**UNIT FRANCHISE, AREA DEVELOPMENT AND MPMA PROGRAM**

Name of Fee <sup>1</sup>	Amount <sup>4,7</sup>	Due Date <sup>5</sup>	Remarks <sup>5</sup>
		Day.	deceased.
Physician Liquidated Damages	Varies: \$1,000 per day for each day a Physician or Professional is in breach of the in-term non-competition covenants; \$100,000 if the Practice or a Physician violates the non-solicitation covenants; \$500,000 if a Physician or Professional violates the in-term or post term confidentiality covenants; and \$500,000 if any Physician or Professional violates the post-term non-competition covenants.	Due within 15 days of our demand.	If any Physician, Practice or Professional with whom you contract engages in the competitive business without our consent during the term or within 2 years of the termination or expiration of your Clinic Franchise Agreement or MPMA, you must pay to us this physician liquidated damages fee on a per violator basis. It compensates us as part of the liquidated damages and is not our exclusive recovery from you and it does not serve to limit our recovery from you in any manner for any action. The Physician Liquidated damages are cumulative. But, we will not seek to collect Physician Liquidated Damages from you provided all of the following are met: (a) At least 10 days prior to its execution, you send to us, and we have approved the Physician's agreement with you (the " <b>Physician Agreement</b> "); (b) You assign your rights to sue for and collect the Physician Liquidated Damages under the Physician Agreement; (c) this assignment of rights to us is enforceable and the Physician does not have defenses to our/your claim that were the result of your breach of the Agreement; and (d) you are in full compliance with the Franchise Agreement.
Insurance Premiums	Varies based on coverage needs and State law: between \$4,000 and \$15,000.	Within 15 days of your Opening Date.	Paid to our affiliate, MWLC, if you purchase insurance through MWLC.
Other Services Fees	Varies: Our then current fees published in our Manuals.	As we designate.	Due if we allow you to offer Other Services and we decide to charge fees for doing so. See Item 12.
Kiosk Site Fees	Varies: Our then current fees published in our Manuals.	As we designate.	Due if we designate a Kiosk Site program and we decide to charge fees for doing so. See Item 12.
Institutional Account Fees	Varies: Our then current fees published in our Manuals.	As we designate.	Due if we designate an Institutional Account program and we decide to charge fees for doing so, or charge different fees for that program. See Item 12.
Additional Professional Training Fees	Varies: Currently \$750 per person per day but may be up to \$1,000 per day per additional person other than Professional Training.	As we designate.	We pay our designee to provide you Professional Training for up to two (2) Professionals and other employees or independent contractors working for or in connection with your Business at no additional charge (the "Professional Training") if your Physicians and Professionals are employed by you. Currently, we pay BMS to provide this training. But, you or the Practice must pay to our designees this fee for the 3rd and each subsequent person who attends the Professional Training.

<b>UNIT FRANCHISE, AREA DEVELOPMENT AND MPMA PROGRAM</b>			
<b>Name of Fee<sup>1</sup></b>	<b>Amount<sup>4,7</sup></b>	<b>Due Date<sup>5</sup></b>	<b>Remarks<sup>5</sup></b>
Transfer Fee	Varies: an amount equal to 25% of the then current Initial Franchise Fee.	At the time of the Transfer.	Payable by you or the transferee if we approve the transfer of your Business.
Equipment and supplies required to be purchased from us or our affiliates	Varies: between \$40,000 and \$180,000.	As we designate.	See Item 8.
Extension <sup>13</sup>	The Franchise Fees for the unopened MEDI-WEIGHTLOSS CLINICS® Business that are behind the Development Schedule	Payable on the date of the extension	Payable only if you do not meet the Development Schedule and we grant you an extension
Transfer <sup>13</sup>	An amount equal to the greater of: (i) 50% of the Franchise Fees for the number of MEDI-WEIGHTLOSS CLINICS® Business required to be constructed under the Development Schedule, but are not then under construction, and (ii) 50% of the amount of the purchase price in excess of the Development Fee	Prior to consummation of transfer	Payable when the Development Agreement or a 51% or more interest in you is transferred. No charge if Development Agreement transferred to an entity which you control.
Renewal <sup>13</sup>	Then current initial Area Development Fee	Upon signing successor Development Agreement	N/A
Management Fee <sup>14</sup>	Varies: As Agreed between our designees and you. Usually \$48,000 to \$200,000 per year.	As agreed between the Clinic and the Practice	Compensates the Clinic for providing Practice Management Services.
Renewal <sup>14</sup>	Varies: the Clinic's then current fees	Upon signing successor MPMA	N/A
Physician Liquidated Damages <sup>14</sup>	Varies: \$1,000, per day for each day a Physician or Professional is in breach if the in-term non-competition covenants; \$100,000 if the Practice or a Physician violates the non-solicitation covenants; \$500,000 if a Physician or Professional violates the in-term or post term confidentiality covenants; and \$500,000 if any Physician or Professional violates the post-term non-competition covenants	Due within 15 days of our demand	If any Physician, Practice or Professional with whom you contract engages in the competitive business without our consent during or term or within 2 years of the termination or expiration of your Clinic Franchise Agreement or MPMA, you must pay to us (and/or the Clinic) this Physician Liquidated Damages fee on a per violator basis. It compensates us (and/or the Clinic) as part of the liquidated damages and is not our and/or the Clinic's exclusive recovery from you or serves to limit our (or their) recovery from you in any manner for any action. The Physician Liquidated damages are cumulative. We and the Clinic will not seek to collect Physician Liquidated Damages from you provided all of the following are met: (a) At least 10 days prior to its execution, you send to us, and we have approved the Physician

UNIT FRANCHISE, AREA DEVELOPMENT AND MPMA PROGRAM			
Name of Fee <sup>1</sup>	Amount <sup>4,7</sup>	Due Date <sup>5</sup>	Remarks <sup>5</sup>
			Agreement with you; (b) You assign your rights to sue for and collect the Physician Liquidated Damages under the Physician Agreement; (c) this assignment of rights to us is enforceable and the Physician does not have defenses to our/your claim that were the result of your breach of the Agreement; and (d) You are otherwise in full compliance with the Franchise Agreement and MPMA Agreement.

- 1/ \*Unless otherwise indicated, all fees in this table are imposed by and payable to us or our affiliates. In general, we expect to impose all fees described in this chart uniformly among all franchisees. But, we reserve the right to vary these fees if, in our sole discretion, we choose to do so. All fees in this table are non-refundable, except as provided in Item 5. All fixed fees in this Item 6 are subject to increase after the end of each Calendar Year based on the most recent reported change to the Consumer Price Index. If it is determined that applicable laws or regulations will not permit the payment of the Monthly Fee in the manner contemplated, we may also require you to revise the method and calculation of payment of the Monthly Fee in the manner we designate to otherwise comply with applicable laws governing the corporate Practice of Medicine and the Practice of a Profession. We may defer or reduce the System Branding Fees upon 30 days prior written notice to you.
- 2/ If a local advertising cooperative is established, you must contribute to the cooperative amounts designated by the cooperative. But, we will not require you to contribute to the cooperative more than \$15,000 per Calendar Year without your consent. The local advertising cooperative determines its contributions, covered area and participants, subject to our approval. We do not have established criteria for the covered areas of local advertising cooperatives. If one of our affiliate MEDI-WEIGHTLOSS CLINICS® Businesses or Licensed Businesses participates in the cooperative, it will have 1 vote. We have the right to approve the rules of the local advertising cooperative. See Item 11
- 3/ “Gross Sales” are defined in the Clinic Franchise Agreement as all revenue you derive from operating the Business, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions; but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and (2) customer refunds, adjustments, credits and allowances authorized by us that are actually made by the Business. Gross Sales include any revenues you derive from any Practice under an MPMA. While we do not base the Monthly Fee or System Branding Fees on Gross Sales or Adjusted Gross Sales, we do require you to report them to us. “Adjusted Gross Sales” are defined in the Clinic Franchise Agreement as Gross Sales less: (i) sums collected and actually paid by you for any sales or other excise tax imposed by any duly constituted governmental authority on Products or Services sales in a state that prohibits the payment of fees to us on such sales; and (ii) the bulk sales of the business itself, if the same have been included in Gross Sales.
- 4/ The ranges and categories of fees which will comprise part of your expenses listed on the Table in this Item above are based solely on experience of our parents or our affiliate companies and your expenses may be significantly different depending on various factors, including the suppliers

you use and the local costs incurred. Do not rely on this estimate of expenses to project your future performance because your expenses may differ from the ranges above and you will have additional expenses to third party suppliers, to us and our affiliates which we have not listed. See Items 7 and 8 of this disclosure document for additional information concerning your purchases from third party suppliers.

- 5/ We may require you to pay all future payments due us by electronic funds transfer. We will designate the day of the month (the “**Payment Day**”) for the payments due. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone, internet, intranet or electronic means or on written form, as we direct, the MEDI-WEIGHTLOSS CLINICS® Business’ true and correct Gross Sales and Adjusted Gross Sales for the immediately preceding month. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to the Business’ bank operating account (the “Account”) for payments of any fees due us and other amounts due under the Clinic Franchise Agreement, including any applicable interest charges. We do not have a standard form of electronic delivery transfer document for you to sign in all instances to make electronic funds transfers from your bank operating account. It may vary based on your or our banking institution. But, a sample form of one is attached as Exhibit L to this Disclosure Document. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day.
- 6/ If an advertising or buying cooperative is established, Franchisor owned outlets will have one vote per outlet; the same as each MEDI-WEIGHTLOSS CLINICS® Business. We have formed a National Advisory Council to advise us. See Item 11.
- 7/ All fixed dollar amounts used in the Franchise Agreement or any Addenda will be adjusted as of January 1 of each year in proportion to changes in the Consumer Price Index (U.S. Average, all items) maintained by U.S. Departments of Labor between January 1, 1995 and January of the then current year. Each Adjustment will be made effective as of January 1 based on the January Index but the first adjustment will not be made until the second January following the Agreement Date.
- 8/ Under the Franchise Agreement, if a claim for amounts owed by you to us or any of our affiliates is asserted in any legal proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable attorneys fees.
- 9/ The amount of indemnification will vary depending on the claim and could exceed the maximum estimated figure. If no claims arise, indemnification will not be necessary.
- 10/ We permit local advertising cooperative expenditures to count towards this amount. This is usually not paid to us. But, if it is determined that you have not spent the requisite amounts, we may require you to pay the unexpended amounts which you were required to expend into the System Development Fund. We allow these expenditures to be credited towards your Start-Up Advertising campaign. We can also require that you only use certain vendors for local advertising.
- 11/ Included with the Franchise Fee is initial Owner/Manager training for 3 persons for up to 5 days. We only charge additional training if necessary or if we grant your requests for additional training or assistance is excessive. In addition to Owner/Manager Training and Staff Training, we provide

you an "Opening Team" of at least 1 (or more persons if we designate) person to assist you with your opening and initial staff training. We provide the Opening Team for such times and consisting of such persons as we may designate: currently 2 days. We charge you our training fee per trainer per day if you request and we agree to provide more than 1 Opening Team Member or for any Opening Team Member visit longer than 2 days.

- 12/ The principal owners' guarantees are, as they relate to monetary obligations for fees, limited to \$100,000 during the first year, \$200,000 during years 2 and 3, and \$500,000 during any subsequent year. See section 2 of the Principal Owners' Guaranty.
- 13/ Applies to Area Development Businesses only.
- 14/ Applies to MPMA only.
- 15/ It is our current internal policy to allocate the Cold Start Fee among the Monthly Fee, Annual License Fee, Administrative Fee, System Branding Fee, and Computer License/Proprietary Software Fees in proportion to what they would otherwise be if there were no Cold Start Fee. So, for example, while the System Branding Fee is waived, we still contribute the proportionate amount of the Cold Start Fee to the System Development Fund, and treat a proportionate amount as Monthly Fees for purposes of compensating Area Developers.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**Unit Franchise Program.**

**YOUR ESTIMATED INITIAL INVESTMENT**

**Patient Based MEDI-WEIGHTLOSS CLINICS® Businesses.**

<b>UNIT FRANCHISE PROGRAM</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment is To Be Made</b>
Deposit (1)	\$10,000	Lump Sum	Signing the Deposit Agreement	Us
Franchise Fee (1)	\$50,000- \$100,000 or \$21,000 to \$80,000 under Area Development Program	Lump Sum	Signing Clinic Franchise Agreement	Us
Initial License Fee	\$25,000	Lump Sum	Signing Clinic Franchise Agreement	Us
Leasehold Improvements (2)	\$0 - \$80,000	As Agreed	By agreement with provider	Lessors, Contractors, Subs
Architectural/ Engineering, Legal & Accounting Services (3)	\$5,000 - \$40,000	As Agreed	By agreement with provider	Suppliers,
Furniture, Fixtures and Equipment(4)	\$3,500 - \$15,000	As Agreed	By agreement with provider	Suppliers
Initial Package (5)	\$30,000 - \$40,000	Lump Sum	When you purchase the Initial Package	Us
Rent(6)(11)	\$3,250 - \$9,750	As Agreed	By agreement with	Landlord



<b>UNIT FRANCHISE PROGRAM</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment is To Be Made</b>
			landlord	
Signage/Local Advertising (7)	\$5,000 - \$10,000	Lump Sum	As Incurred	Suppliers
Security/utilities Deposit (8)	\$500 - \$1,000	Lump Sum	As Incurred	Third Parties
Opening Inventory, Supplies (9)	\$2,000 - \$5,000	Lump Sum	Signing of Clinic Franchise Agreement	Suppliers
Start-up Advertising Campaign	\$5,000 - \$15,000	As Incurred	Within 60 days of opening Business	Third Parties
Training Expenses and Additional Training (10)	\$2,000 - \$5,000	As Incurred	As Incurred	Third Parties
Rental Deposits (11)	\$3,250 - \$9,750	Lump Sum	As Incurred	Third Parties
Insurance (12)	\$5,000 - \$12,000	Lump Sum	As Incurred	Third Parties
Compliance Fees	Not estimated (see note 13)	Lump Sum	Within 15 days of billing	Us
Additional Funds – 4 months (13)	\$20,000 - \$40,000	As Incurred	As Incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE UNIT FRANCHISE PROGRAM (11) (EXCLUDING REAL ESTATE AND/OR BUILDING PURCHASE COSTS) (14)</b>	<b>\$157,250 - \$397,500</b>			
Area Development Fee (15)	\$30,000 - \$250,000	Lump Sum	Signing the Area Development Agreement	Us
<b>TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT PROGRAM (16)</b>	<b>\$187,250 - \$627,500</b>			

### **YOUR ESTIMATED INITIAL INVESTMENT**

#### **Cold Start MEDI-WEIGHTLOSS CLINICS® Businesses.**

<b>UNIT FRANCHISE PROGRAM</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment is To Be Made</b>
Deposit (1)	\$10,000	Lump Sum	Signing the Deposit Agreement	Us
Franchise Fee (1)	\$50,000- \$100,000 or \$21,000 to \$80,000 under Area Development Program	Lump Sum	Signing Clinic Franchise Agreement	Us
Cold Start Fee (1)	\$100,000	Lump Sum	Signing Clinic Franchise Agreement	Us

<b>UNIT FRANCHISE PROGRAM</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment is To Be Made</b>
Initial License Fee	\$25,000	Lump Sum	Signing Clinic Franchise Agreement	Us
Leasehold Improvements (2)	\$0 - \$80,000	As Agreed	By agreement with provider	Lessors, Contractors, Subs
Architectural/ Engineering, Legal & Accounting Services (3)	\$5,000 - \$40,000	As Agreed	By agreement with provider	Suppliers,
Furniture, Fixtures and Equipment(4)	\$3,500 - \$15,000	As Agreed	By agreement with provider	Suppliers
Initial Package (5)	\$30,000 - \$40,000	Lump Sum	When you purchase the Initial Package	Us
Rent(6)(11)	\$3,250 - \$9,750	As Agreed	By agreement with landlord	Landlord
Signage/Local Advertising (7)	\$5,000 - \$10,000	Lump Sum	As Incurred	Suppliers
Security/utilities Deposit (8)	\$500 - \$1,000	Lump Sum	As Incurred	Third Parties
Opening Inventory, Supplies (9)	\$2,000 - \$5,000	Lump Sum	Signing of Clinic Franchise Agreement	Suppliers
Start-up Advertising Campaign	\$5,000 - \$15,000	As Incurred	Within 60 days of opening Business	Third Parties
Training Expenses and Additional Training (10)	\$2,000 - \$5,000	As Incurred	As Incurred	Third Parties
Rental Deposits (11)	\$3,250 - \$9,750	Lump Sum	As Incurred	Third Parties
Insurance (12)	\$5,000 - \$12,000	Lump Sum	As Incurred	Third Parties
Compliance Fees	Not estimated (see note 13)	Lump Sum	Within 15 days of billing	Us
Additional Funds – 4 months (13)	\$20,000 - \$40,000	As Incurred	As Incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE UNIT FRANCHISE PROGRAM (11) (EXCLUDING REAL ESTATE AND/OR BUILDING PURCHASE COSTS) (14)</b>	<b>\$256,250 - \$487,750</b>			

**Conversion Addendum.**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>CONVERSION ADDENDUM</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment is To Be Made</b>
Deposit (1)	\$0	Lump Sum	Signing the Deposit Agreement	Us
Franchise Fee (1)	\$0	Lump Sum	Signing Clinic Franchise Agreement	Us

<b>CONVERSION ADDENDUM</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment is To Be Made</b>
Initial License Fee	\$0			
Leasehold Improvements, including landscaping (2)	\$0- \$80,000	As Agreed	By agreement with provider	Lessors, Contractors, Subs
Architectural/ Engineering, Legal & Accounting Services (3)	\$3,000 - \$5,000	As Agreed	By agreement with provider	Suppliers,
Furniture, Fixtures and Equipment(4)	\$0	As Agreed	By agreement with provider	Suppliers
Initial Package (5)	\$0	Lump Sum	When you purchase the Initial Package	Us
Rent (6)	Not Estimated			
Signage/Local Advertising (7)	\$0 - \$6,000	Lump Sum	As Incurred	Suppliers
Security/utilities Deposit (8)	\$0	Lump Sum	As Incurred	Third Parties
Opening Inventory, Supplies (9)	\$0	Lump Sum	Signing of Clinic Franchise Agreement	Suppliers
Additional Training Fees and Training Expenses (10)	\$0 - \$5,000	As Incurred	As Incurred	Third Parties
Rental Deposits (11)	\$0	Lump Sum	As Incurred	Third Parties
Insurance (12)	\$5,000 - \$12,000	Lump Sum	As Incurred	Third Parties
Additional Funds - 4 months (13)	\$10,000 - \$40,000	As Incurred	As Incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE CONVERSION FRANCHISE PROGRAM</b>	<b>\$18,000 - \$148,000</b>			

### **Explanatory Notes**

- 1/ See Item 5. The Franchise Fee and Initial License Fee are due when you sign the Clinic Franchise Agreement. The Franchise Fee and Initial License Fee are not refundable. We do not finance any fees.
- 2/ Costs of leasehold improvements, which include floor covering, wall treatment, counters, tables, stools, ceilings, painting, window coverings, plumbing, electrical, carpentry and related work and contractor's fees, will vary significantly depending on the condition, location and size of the Site, the demand for the Site among prospective lessees and any construction or other allowances granted by the landlord after negotiations. If you sign a Conversion Addendum, your costs may be lower than if you did not engage in prior expenditures.
- 3/ Each Site generally requires conversion of an existing medical office or space suitable for a medical office. Although we provide you with prototype design plans, specifications, decor and layouts you will have to develop, with the assistance of an architect and engineer, complete architectural plans and drawings and engineering plans, at your expense. You must obtain an opinion of your legal counsel as described in Item 1. Also, some states may require you to hire a medical architect.

- 4/ This item includes furniture, fixtures and equipment such as desks, sinks, display cases, tables, stools, chairs, cabinets, a phone system and facsimile machine, a desk, filing cabinets and related office supplies. The low end of the range assumes that you take over an existing medical office space with some of these items already in place or due to purchase of used equipment. You must purchase the Computer System which includes two computers, a router and printer. The high end of the range assumes that all new equipment is purchased. We require you to sign our then current form of Conditional Assignment of Telephone Numbers and Listings in the form attached as an exhibit to our Clinic Franchise Agreement.
- 5/ A typical Initial Package ranges from \$30,000 to \$40,000 and includes those items listed in an exhibit to your Clinic Franchise Agreement. However, we may change, alter or amend the Initial Package at any time in our sole discretion. See Item 5.
- 6/ A MEDI-WEIGHTLOSS CLINICS® Business Site typically will be in a medical complex, medical office building, strip mall or the like. The size of a MEDI-WEIGHTLOSS CLINICS® Business is estimated to be 1500 to 3000 square feet of air conditioned space. Our business model suggests franchisees seek to obtain rental rates of \$18 to \$60 per square foot, triple net, but rental rates vary by local market condition and your credit. It is possible that you might choose to buy, rather than rent, real estate on which a building suitable for a MEDI-WEIGHTLOSS CLINICS® Business already is constructed or could be constructed. We estimate that, based on the Tampa Florida real estate market, purchasing space for the franchised business may range from \$100 to \$200 per foot. But, real estate rental, purchase and construction costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions and type of ownership you are buying. Because of the numerous variables that affect the value of a particular piece of real estate, this estimated initial investment table does not reflect the costs of rent or purchasing land and erecting a building.
- 7/ See Item 6. Local Advertising Cooperative Contributions may count towards this requirement.
- 8/ The amount of the security deposits needed for various equipment leases or services will depend on what items you choose to rent or your credit history.
- 9/ The difference between the low and high ranges is attributable to your needs based on the initial growth of customers and the Products and Services they seek.
- 10/ This item includes our estimate of any Additional Opening Team Fees, Additional Professional Training Fee and Training Expenses. See Items 5 and 11.
- 11/ We do not estimate ongoing rental costs. Build out expenses may be incorporated into rental rates. This estimate is for your rental deposits. We do not anticipate that you will purchase your real estate. See Note 2.
- 12/ Insurance must be obtained to meet the minimum requirements established by the System Standards. See Item 8. Insurance costs vary based on policy limits, types of policies, nature of physical assets, malpractice history, gross revenues, number of employees, square footage, location, business, contacts and other factors. Our affiliates currently offer our franchisees and Licensed Businesses the opportunity to acquire group professional liability coverage under MWLC's group policy. If you purchase from MWLC, the premium is usually due within 15 days following your Opening Date.

- 13/ This Item 7 estimates your initial start up expenses. These expenses include payroll costs. This also includes 1 month's Monthly Fee, System Branding Fee, Administrative Fee and Computer License/Proprietary Software Fee. See Item 5 and Item 6. Your need for additional funds may also include any "Compliance Fees" described in Item 6 which range from \$500 to \$5,000 per violation. Since we expect you to comply with the Clinic Franchise Agreement, we have not included them in this estimate. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Because we estimate that the initial investment period extends only into your first month of operations, the first System Branding Fee is not due until after this period concludes. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. All payments to us or our affiliates in this Item 7 are non-refundable. Payments made to non-affiliated third parties may be refundable if we and the third party mutually agree upon refundable terms and those terms will dictate when they are refundable.
- 14/ The Initial Investment Period - four (4) months - begins on the Agreement date and ends four (4) months after. It assumes and includes one (1) month of operations following your Opening Date. We relied on the experience of the Licensed Businesses operated by our affiliates to compile these estimates. (See Item 1.) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing for third parties will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan.
- 15/ The Development Fee is payable in lump sum when you sign a Development Agreement. The Development Fee is \$15,000 to \$25,000 times the number of MEDI-WEIGHTLOSS CLINICS® Businesses required under the Development Agreement. The estimate ranges from 2 to 10 Businesses: \$30,000 to \$250,000. The Development Fee is not credited towards any Franchise Fees. The Development Fee is nonrefundable.
- 16/ The total estimated initial investment for the Area Development Program will depend on the number of MEDI-WEIGHTLOSS CLINICS® Businesses to be located in the Development Area, as described in the Development Schedule. This estimate includes your estimated initial investment for one (1) MEDI-WEIGHTLOSS CLINICS® Business. Of course, if you participate in the Area Development Program, you must also own and operate multiple MEDI-WEIGHTLOSS CLINICS® Businesses in addition to your first. The estimated initial investments for each individual MEDI-WEIGHTLOSS CLINICS® Business will apply to each MEDI-WEIGHTLOSS CLINICS® Business operated under the Development Agreement. This is higher than the low range in this table because the first unit is at least \$50,000, not \$21,000. Your estimated initial investment could be lower for subsequent MEDI-WEIGHTLOSS CLINICS® Businesses if we certify you to provide the Initial Training to your 2<sup>nd</sup> and subsequent MEDI-WEIGHTLOSS CLINICS® Businesses opened under your Development Agreement. We offer a reduced range of Franchise Fees for each MEDI-WEIGHTLOSS CLINICS® Business to be developed in your Development Area. See Item 5 of this Disclosure Document.
- 17/ All fees due us or our affiliates are non-refundable. Payments to third parties may be refundable if you and the third party agree to allow for a refund.

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

**Purchase Restrictions.**

You must develop and operate the MEDI-WEIGHTLOSS CLINICS® Business according to our System Standards. Our System Standards may regulate nearly all of the purchases or expenditures made by your MEDI-WEIGHTLOSS CLINICS® Business. Our System Standards may regulate, among other things, the types, models and brands of required suggested, authorized, unauthorized and prohibited fixtures, furnishings, equipment, services, signs, advertisements, software, materials, inventory and installation products and services, and all equipment, products services and supplies to be used in establishing and operating the business, required or authorized products and product categories and designated or approved suppliers of such items (which may be limited to or include us or our affiliates). For example, our purchase restrictions described in this Item 8 apply to all Foundational Products, Branded Products and Ancillary Products, as well as to any other Operating Assets or Clinic Materials as described in the Clinic Franchise Agreement. See Exhibit C to this Disclosure Document. Our officers, Jim Edlund and Ed Kaloust, own an ownership interest in MWLC, PHM and VNL, each of which are approved suppliers to our franchisees. Dr. Zbella owns an ownership interest in us, VNL, MWLC and BMS. See Item 1.

**Purchase from Us.**

Other than the Initial Package items and the Professional Training, you currently do not have to purchase any goods or services from us, any parent, our predecessors or our affiliates relating to the establishment of your MEDI-WEIGHTLOSS CLINICS® Business. But, we currently require you to purchase from us, our affiliates or approved suppliers nearly all equipment and supplies you will use in the ongoing operation of your MEDI-WEIGHTLOSS CLINICS® Business. Currently, the goods and services we require you to purchase from us for the operation of your MEDI-WEIGHTLOSS CLINICS® Business include all products and services and product and service categories included in the Initial Package in Item 5 and may also include the Foundational Products and Services and Branded Products and Services, and Ancillary Products and Services described in the Clinic Franchise Agreement. (We purchase much of these items from VNL and re-sell them to you.) See Item 5 and the Clinic Franchise Agreement. But we may designate other approved suppliers of them, or require you to purchase them directly from a designated supplier. If we establish ourselves or an affiliate as a pharmacy, we may, to the extent permitted by applicable law, require you (and/or the Practice) to purchase all drugs, pharmaceuticals and other items requiring dispensation from a pharmacy from the Pharmacy operated by us or our affiliate. However, at our option we may require you to purchase from us or our affiliates any other products, materials, supplies which bear the Marks (or our copyrights), or other items, materials or supplies we choose (or designate for our affiliates) to supply to MEDI-WEIGHTLOSS CLINICS® Businesses.

**Approved Suppliers.**

In order to maintain the quality of the goods and services sold by the MEDI-WEIGHTLOSS CLINICS® Businesses and the reputation of the MEDI-WEIGHTLOSS CLINICS® Business franchise network, to the extent we designate, you are obligated to purchase or lease fixtures, equipment and supplies, furnishings, and installation products as well as all inventory, supplies and other goods, services or equipment used to operate your MEDI-WEIGHTLOSS CLINICS® Business(es) and related items that meet our minimum standards and specifications and which are from suppliers we approve. As described above, we may or our affiliates may be the only approved supplier for them. We will notify you in our Manual or other communications of our standards and specifications and approved suppliers. We include

these requirements in our "System Standards". The majority of equipment, inventory, supplies and services you purchase for your MEDI-WEIGHTLOSS CLINICS® Business must be purchased from suppliers we designate or approve and according to our System Standards. To the extent that a Practice is utilized, the Clinic is required to supply the Practice with only those products, services, inventory, supplies, and equipment that we designate or approve, which may be limited to those purchased from our affiliates or which meet our specifications and standards. We negotiate contracts with equipment, services inventory and installation products and services suppliers who serve as exclusive or approved suppliers to MEDI-WEIGHTLOSS CLINICS® Businesses. For example, we also designate approved suppliers or manufacturers of certain types of pharmacy/drugs products or services. Currently, our approved suppliers include, for example, Rx3, who is the only approved supplier of pharmaceuticals; LabCorp, which is an approved supplier of Medical testing services; Dell™, who is the approved supplier of our Computer System, BMS, our supplier of certain training services. We or our designees may also be the only Approved Supplier of call center services to you. We are currently investigating if we will establish or designate a centralized call center which all franchisees must utilize. We purchase much of the goods and services that we sell to you from VNL, our affiliate, and re-sell them to you. Currently, the only approved supplier for the Start-up Advertising Campaign (See Item 11) and for the first three months of local advertising (See Item 11) is Valassis. We currently do not derive any revenue from your purchases from approved suppliers other than us; but we may in the future. See "Rebates" below.

### **Specifications and Standards.**

You are also obligated to purchase certain branded and non-branded products, materials, services, fixtures, inventory and equipment which meet our System and Standards. For example, you must purchase all of the fixtures, supplies, inventory and equipment which meet our standards and specifications. Much of this will also have to be purchased from us, or affiliates or other designated or approved suppliers. Our standards and specifications may impose minimum requirements for quality, taste, cost, delivery, performance, design and appearance, delivery capabilities, financing terms, and ability of the supplier to service our franchise system as a whole. Examples of some items which must be purchased in accordance with our specifications and standards which are in addition to purchases from approved suppliers include: televisions, authentic team merchandise, phone systems, music systems, security system(s), office supplies, produce, paint and building plans, office equipment, etc.

### **Purchase Data.**

For the fiscal year ending December 31, 2008, our revenues from franchisee required purchases and leases were \$2,299,648.00, which represented 64% of our total revenues of \$3,565,957.22. For the fiscal year ending December 31, 2008, our affiliate, BMS, received \$60,000 in revenues from franchisee required purchases or leases representing 100% of its revenues. This figure for BMS is derived from its unaudited financial statements. For purposes of calculating the information above, franchisee required purchases and Licensed Business required purchases are treated as the same.

Collectively, the purchase and leases described above in this Item 8 (purchases from us, our affiliates, approved or designated suppliers, or in accordance with our System Standards) are about 20% to 60% of your overall purchases and leases in establishing a MEDI-WEIGHTLOSS CLINICS® Business and 80% to 95% of your overall purchase and leases to operate a MEDI-WEIGHTLOSS CLINICS® Business. We do not currently derive any revenue from your purchases from approved suppliers other than us; but we may in the future. Percentages referenced under this Item 8 are subject to change.

### **Changes of Suppliers.**

If you want to use any item that does not comply with System Standards or is to be purchased from a supplier that has not yet been approved or seek an alternative supplier to be an approved supplier, you must first submit sufficient information, specifications and samples for our determination whether the item complies with System Standards or the supplier meets approved supplier criteria. We have the right to charge you our then current fee (currently at least \$1,000 per day of testing) to cover the costs incurred in making this determination and will, within 30 days of your request, notify you of our decision. We will, from time to time, establish procedures (System Standards) for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval or our revoking approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the supplier. Our criteria for approving suppliers may be treated by us as a trade secret and not shared with our franchisees. In other instances we may share these criteria with you by placing it in the Manuals or communicating it directly to you. We can revoke our approval of a supplier at any time upon immediate notice to you.

### **Rebates.**

We may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase. Our rebate programs may vary depending on the supplier and the nature of the product or service. Not every supplier will pay rebates to us. Certain suppliers and manufacturers may pay us a rebate based on the amount of products ordered that may vary. We may require you to enter into agreements with approved or designated suppliers or distributors. While we may, from time to time, choose to use rebate monies or other remuneration from such programs for the System Development Fund, they do not reduce or offset your System Branding Fees, or other fees due us. We reserve the right to use such rebate monies or remuneration in any way we choose. Our or our affiliates' obtaining rebate monies or remuneration from suppliers compensates us or our affiliates for our/their efforts to establish and maintain relationships with suppliers and distributors. While we may seek to establish supply relationships based on lowest or lower price, other considerations such as strategic marketing, strength of supplier, competitive pressures, and the like, may influence our decisions to use and negotiate with those suppliers. We are in the process of implementing a rebate program with our suppliers. As of the date of this Disclosure Document we have not instituted a formal rebate program or "Preferred Vendor" agreements with Approved Suppliers to franchised MEDI-WEIGHTLOSS CLINICS® Businesses. But, in the fiscal year ending December 31 2008, we received the following contributions to our annual conference from Approved Suppliers: Rx3 - \$2,000.00; VNL - \$28,070.70; Medi IP - \$23,070.70; PSS World Medical, Inc. - \$2,000.00; Digital Lightbridge, LLC - \$1,000; Oasis Outsourcing - \$2,000.00; and Valassis - \$500.00. See the discussion of Preferred Vendors in the Clinic Franchise Agreement. There is no formula for these rebates and each is voluntary on the part of the supplier.

### **Purchasing or Distribution Cooperatives.**

There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price items), for the benefit of the franchise systems. We do not provide material benefits to you (for example renewing or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. See Item 6 and 11.



## **Business Development.**

We require MEDI-WEIGHTLOSS CLINICS® Business to be constructed or remodeled in accordance with our specifications and standards. You must purchase the Initial Package from us and install it in your Business. But, included with the Initial Package Fee we provide delivery of the Initial Package but not installation of its items. The Clinic Franchise Agreement also requires that you purchase or lease and use only such equipment and supplies as we may specify or approve. We also will furnish you with mandatory and suggested specifications and layouts for a MEDI-WEIGHTLOSS CLINICS® Business, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme.

## **Site.**

We must approve the site for the location of your Business. You must locate and obtain our approval of the Site within 30 days after the date the Clinic Franchise Agreement is signed. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other MEDI-WEIGHTLOSS CLINICS® Businesses, the nature of other businesses in proximity to the Site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed Site. For example, some of our current guidelines for sites include: traffic patterns of consistent volume during periods we designate; a minimum number of parking spaces capable of handling a MEDI-WEIGHTLOSS CLINICS® Business of the size contemplated; proximity to commercial corridors, office buildings, apartments, shopping centers, hospitals, movie theaters and industrial parks; convenient access with easy left or right-hand ingress or egress; high visibility with capacity to accommodate large signs; sufficient population within proximity to the Business to support its operations; and lack of competitors in close proximity.

We also must approve the lease or sublease for the Site of your MEDI-WEIGHTLOSS CLINICS® Business. You must deliver a copy of the proposed lease and related documents to us prior to signing them. We include our review of 1 Site in the Franchise Fee. We charge additional fees for additional Sites that you request or we require to be evaluated by us. See Item 6. Our approval of the lease indicates only that we believe that its terms fall within the acceptable criteria we have established as of the time of our approval. You must provide us with a copy of the signed lease within 15 days of its execution.

If you lease the Site from a third party, or purchase the Site, we first must approve the lease, financing and/or purchase documents that you will sign. We require that they contain certain provisions that are designed to protect our rights. These required terms generally protect our rights under the Clinic Franchise Agreement, our ability to possess the Site if you violate any of your obligations to us, and your right to occupy the Site, and operate the Business without interference by lenders and mortgage holders. Any person who is related to or affiliated with you or one of your owners, directors, officers or other principals, and who plans to lease the Site to you or own or obtain financing for the Site, must agree to be bound by these provisions.

The terms we require that you include in your lease also allow us to take possession of the Business Site if you violate the lease or any obligation to us. You still will be responsible for all lease obligations covering the time before we take over. If you and the landlord for the Site are or become related in ownership or control, and we eventually take over the Site, any lease will be amended to be the same length as the Clinic Franchise Agreement, to be consistent with commercially reasonable “triple-net” leases being signed in your metropolitan area and to reflect the Site's fair market rental value in your metropolitan area.

You are responsible for developing the MEDI-WEIGHTLOSS CLINICS® Business. You will complete the construction of the MEDI-WEIGHTLOSS CLINICS® Business in accordance with our System Standards. You must commence construction or remodeling following our System Standards prior to the sooner of 30 days following our approval of the Site or two (2) months following the date the Clinic Franchise Agreement is effective. You must open the MEDI-WEIGHTLOSS CLINICS® Business for business within three (3) months of the effective date of the Agreement (the “**Opening Date**”). In our sole discretion, if you have made full and complete applications for all building permits and all other permits required to open a MEDI-WEIGHTLOSS CLINICS® Business, within thirty (30) days of the date we approve the Site and your lease for it, if any, we may grant to you up to three (3) thirty (30) day extensions to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control.

### **Computer Hardware and Software.**

Currently, we require you to purchase the Computer System from a supplier we designate or approve. We require you to install and utilize computer hardware and Software that we may designate for the Computer System. Some of the hardware is included in the Initial Package. Part of the Computer System is our proprietary Software—the EMR Software, and our Advantage Website software and functionalities. See Items 6 and 11.

### **Insurance.**

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, such insurance coverage that we require from time to time and meet the other insurance-related obligations in the Clinic Franchise Agreement. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. You must send us copies of all insurance policies and each of them must name us as an additional insured party. If the Site is destroyed, you must rebuild it or move to another Site in accordance with your obligations under the Clinic Franchise Agreement. The Clinic Franchise Agreement does not terminate by virtue of casualty to the Site.

### **Miscellaneous.**

Except as described above, neither we nor our affiliates currently derive revenue or other material consideration as a result of required purchases or leases. There currently are no purchasing or distribution cooperatives. We do not have any purchase arrangements with suppliers for the benefit of franchisees; but we intend to pursue such arrangements in the future. However, we have the right at some point in the future to negotiate purchase arrangements with suppliers for the benefit of franchisees, and/or to derive revenue or other material consideration as a result of required purchases or leases; but we intend to derive revenue only for proprietary items.

## **ITEM 9**

### **FRANCHISEE'S OBLIGATIONS**

**These tables list your principal obligations under the Franchise, Area Development, and other Agreements. It will help you find more detailed information about your obligations in these Agreements and in other Items of this Disclosure Document.**

<b>ITEM 9 UNIT FRANCHISE, AREA DEVELOPMENT AND PRACTICE MANAGEMENT AGREEMENT PROGRAM</b>		
<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure Document</b>
<b>(a) Site selection and acquisition/ lease</b>	Sections 2.1 and 4 and Exhibit A to Clinic Franchise Agreement; Sections 5.1-5.3 and 5.5 of Area Development Agreement; Section III to Practice Management Agreement.	Items 7, 11 and 12
<b>(b) Pre-opening purchases/leases</b>	Sections 4, 5.3, 5.4, 11.2, 11.7, 19.1 and 19.2 of Clinic Franchise Agreement; Section 5.1-5.3 and 5.5 of Area Development Agreement; Sections III, IV and V of Practice Management Agreement.	Items 5, 6, 7, 8, 11 and 16
<b>(c) Site development and other pre-opening requirements</b>	Sections 2.1, 4, 5, 7.1, 7.4, 7.6, 11.2, 11.2, 11.7, 19.1, 19.2 and 19.3 of Clinic Franchise Agreement; Sections 2.1, 3 and 5 of Area Development Agreement; Section V of Practice Management Agreement.	Items 6, 7 and 11
<b>(d) Initial and ongoing training</b>	Sections 3.4, 6, 7, 8.10(f), 11.2 and 11.14 of Clinic Franchise Agreement; Sections 6, 7.1 and 7.3 of Area Development Agreement; Sections 4.1-4.3 of Practice Management Agreement.	Item 11
<b>(e) Opening</b>	Sections 5.1, 5.9, 5.10, 7, and 12 of Clinic Franchise Agreement.	Item 11
<b>(f) Fees</b>	Sections 2.5, 3.4, 3.5, 4.2, 5.3, 6, 7.2, 7.4, 11.1, 11.3, 11.7, 11.8, 12.1, 15.3 and Exhibit A and Exhibit B to the Clinic Franchise Agreement; Sections 3.4, 4, 11.4 and 13.11 of Area Development Agreement; Section 3.4 and Exhibit 2 and 3 to Practice Management Agreement.	Items 5, 6 and 7
<b>(g) Compliance with standards and policies/Operating Manual</b>	Sections 4, 5, 7.6, 9.1, 9.3, 12 and 13 of Clinic Franchise Agreement; Section 1.2 of Practice Management Agreement.	Item 11
<b>(h) Trademarks and proprietary information</b>	Sections 5.7, 8, 9, 11.1, 11.2, 12.2, 12.8 and 17.4 of Clinic Franchise Agreement; Sections 7 and 8 of Area Development Agreement; Sections 7 and 8 of Practice Management Agreement.	Items 13 and 14
<b>(i) Restrictions on products/ services offered</b>	Sections 2.6, 5.4, 5.5, 5.7, 5.8, 11.1, 11.2, 11.7, 11.10 and 12.5 of Clinic Franchise Agreement; Sections 1.1 and 1.2 of Practice Management Agreement.	Items 11 and 16
<b>(j) Warranty and customer service requirements</b>	Sections 5.6 and 11.17 of Clinic Franchise Agreement.	Not Applicable
<b>(k) Territorial development and sales quotas</b>	Sections 2, 4.2 and Exhibit B to the Clinic Franchise Agreement; Sections 2.1, 3 and 5 of Area Development Agreement.	Item 12

<b>ITEM 9 UNIT FRANCHISE, AREA DEVELOPMENT AND PRACTICE MANAGEMENT AGREEMENT PROGRAM</b>		
<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure Document</b>
<b>(l) On-going product/service purchases</b>	Sections 5.3, 5.4, 5.5, 11 and 12 of Clinic Franchise Agreement; Sections 1.1 and 1.2 of Practice Management Agreement.	Item 8
<b>(m) Maintenance, appearance and remodeling requirements</b>	Sections 3.1, 3.2, 5.1, 5.2, 5.3, 5.10, 11.2 and 11.4 of Clinic Franchise Agreement; Sections 1.1 and 1.2 of Practice Management Agreement.	Items 11 and 17
<b>(n) Insurance</b>	Sections 2.6, 5.6, 5.9, 11.2, and 19 of Clinic Franchise Agreement; Section 14.1 of Practice Management Agreement.	Items 7 and 8
<b>(o) Advertising</b>	Sections 5.6, 5.12, 6.16, 7.6, 8.2, 9.1, 11.2 and 12 of Clinic Franchise Agreement; Sections 1.1, 1.2, 5, 7 and 8 of Practice Management Agreement.	Items 6, 7 and 11
<b>(p) Indemnification</b>	Sections 2.4(d), 4.3(f), 5.18(c), 8.9, 18.4 and 20.6; Section 3 of Conditional Assignment of Telephone Numbers.	Item 6
<b>(q) Owner's participation/management/staffing</b>	Sections 1.4(c), 5.6, 5.10, 5.13, 5.15, 5.16, 5.17, 7, 11.1, 11.2, 11.12, 11.13 and 11.14 of Clinic Franchise Agreement; Sections 6 and 7 of Area Development Agreement; Section 5 of Practice Management Agreement.	Items 11 and 15
<b>(r) Records and reports</b>	Sections 5.13, 11.2, 11.6, 11.8 and 13 of Clinic Franchise Agreement.	Item 11
<b>(s) Inspections and audits</b>	Section 14 of Clinic Franchise Agreement.	Items 6 and 11
<b>(t) Transfer</b>	Section 15 of Clinic Franchise Agreement; Section 11 of Area Development Agreement; Section 10 of Practice Management Agreement.	Items 6 and 17
<b>(u) Renewal</b>	Section 3 of Clinic Franchise Agreement; Sections 2.2-2.4 of Area Development Agreement; Section III of Practice Management Agreement.	Items 6 and 17
<b>(v) Post-termination obligations</b>	Sections 9.3 and 17 of Clinic Franchise Agreement; Section 10 of Area Development Agreement; Section 12 of Practice Management Agreement.	Item 17
<b>(w) Non-competition covenants</b>	Sections 17.6 and 10 of Clinic Franchise Agreement; Sections 7.3 and 10.2 of Area Development Agreement; Section 12 of Practice Management Agreement.	Item 17
<b>(x) Dispute resolution</b>	Sections 20.5-20.11 of Clinic Franchise Agreement; Conditional Assignment of Telephone Numbers and Listings; Sections 13.3 and 13.5-13.11 of Area Development Agreement; Section 15 of Practice Management Agreement.	Item 17

## **ITEM 10** **FINANCING**

We do not offer direct or indirect financing. We do not guarantee your notes, leases or obligations. We do not have any intent to sell, assign, or discount to a third party all or any part of any of your financing arrangements. We do not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of that financing. We do not receive direct or indirect payment for placing financing.

One of our owners, Ed Kaloust, is the Chairman of the Tampa branch of the Bank of Florida. From time to time, we may refer franchisees to the Bank of Florida or they may independently choose to try to establish a lending relationship with the Bank of Florida. We do not guarantee or represent that the Bank of Florida will provide any level of financing or terms for financing to our franchisees. Ed Kaloust recuses himself from voting on lending decisions at the Bank of Florida if they relate to any of our franchisees. We have no formal lending program with the Bank of Florida and do not receive any monies from the Bank of Florida for referring any franchisees to it.

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

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

### **Unit Franchise Program.**

**Pre-Opening Obligations:** Before you open the MEDI-WEIGHTLOSS CLINICS® Business, we will:

If you sign a Deposit Agreement, hold the Proposed Market Area and evaluate your proposed Site. (See Item 5 and Exhibit B – Deposit Agreement).

A. If you and we have not already agreed upon a location for your MEDI-WEIGHTLOSS CLINICS® Business before signing the Clinic Franchise Agreement, we will provide you with our Site selection criteria for the MEDI-WEIGHTLOSS CLINICS® Business. You must find a suitable Site within 30 days of signing the Clinic Franchise Agreement, subject to our approval. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other MEDI-WEIGHTLOSS CLINICS® Business, the nature of other businesses in proximity to the Site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed Site. We will approve or disapprove a Site you propose within 30 days after we receive the complete Site report and other materials we request. We include one Site evaluation by us in the Franchise Fee. Additional Site Selection Fees will apply for additional Sites evaluated by us. See Item 6. If we cannot agree on a Site, we can terminate the Clinic Franchise Agreement. (See Clinic Franchise Agreement Section 4.1, p. 14-15).

B. Sell and deliver to you the Initial Package. (See Clinic Franchise Agreement Section 5.3, p. 21).

C. Furnish you with prototype design plans, specifications, decor and/or layout, which include floor plan and building elevations for a MEDI-WEIGHTLOSS CLINICS® Business, including requirements for design, color scheme, image, interior layout and Operating Assets which include fixtures, equipment, signs and furnishing (See Clinic Franchise Agreement Section 5.1, p. 19).

D. Provide you our written Manuals and our System Standards. Assist you, at your request, in developing the MEDI-WEIGHTLOSS CLINICS® Business by recommending architects and otherwise furnishing information to assist you in developing the MEDI-WEIGHTLOSS CLINICS® Business in accordance with our specifications. At your cost, you will have complete and detailed construction drawings prepared and approved by an authorized architect, secure all financing, obtain permits and licenses for the MEDI-WEIGHTLOSS CLINICS® Business, construct improvements and decorate the MEDI-WEIGHTLOSS CLINICS® Business according to our standards and specifications (including your purchase and installation of the Initial Package), purchase or lease and install all Operating Assets, and purchase an opening inventory of products and supplies. (See Clinic Franchise Agreement Section 5.1, p. 19-20).

E. As discussed in Item 8, identify the fixtures, furnishings, equipment (including point-of-sale registers, facsimile machines and computer hardware and software), inventory products, materials and supplies and signs, emblems, lettering, logos and display materials necessary for the MEDI-WEIGHTLOSS CLINICS® Business to begin operations, the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). (See Clinic Franchise Agreement Section 5.4, p. 21).

F. Loan you one copy of the Manuals or at our discretion, make it accessible to you on-line via Internet, Intranet or electronic media. (See Clinic Franchise Agreement Section 11.1, p. 48).

G. Assist you in implementing (but not pay for) the grand opening advertising and promotional program (the “**Start-Up Advertising Campaign**”) for the MEDI-WEIGHTLOSS CLINICS® Business. (See Clinic Franchise Agreement Section 5.12, p. 28).

H. Provide to you the Initial Training Program consisting of Owner/Manager Training and Opening Team training, and arrange for our designee to provide the Professional Training. This training is described in detail later in this Item and in Item 5. (See Clinic Franchise Agreement Section 7.1, p. 36-37; Section 7.4, p. 37, 38).

I. Prior to your MEDI-WEIGHTLOSS CLINICS® Business opening date, we will add your MEDI-WEIGHTLOSS CLINICS® Business contact information to our website "location" page, and provide you access to our Extranet which serves as an on-line repository of approved forms, advertising materials and the like. (See Clinic Franchise Agreement Section 11.7, p. 37).

### **Time To Opening.**

We estimate that there will be an interval of approximately 2 to 4 months between the signing of the Clinic Franchise Agreement (or Deposit Agreement) and the opening of the MEDI-WEIGHTLOSS CLINICS® Business, but the interval may vary based upon such factors as the location and condition of the Site, the construction schedule for the MEDI-WEIGHTLOSS CLINICS® Business, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training if you are beginning operations from an existing medical practice/client base, and your compliance with local laws and regulations. We require you to commence construction of your build-out (if any is necessary) within 30 days of the date we approve the Site. We may grant extensions, but, we expect most will occur within 2

months. Many franchises, particularly those converting an existing medical practice, will need little or no build-out. See Item 8. But, laws governing the architectural plans for businesses deemed medical clinics under some state's laws could make this much longer. (You may not open the MEDI-WEIGHTLOSS CLINICS® Business for business until: (1) we approve the MEDI-WEIGHTLOSS CLINICS® Business as developed according to our specifications and standards; (2) pre-opening training of you and your personnel has been completed to our satisfaction; (3) the Franchise Fee and all other amounts then due to us have been paid; (4) we have approved the manager of your MEDI-WEIGHTLOSS CLINICS® Business and you have demonstrated that the conditions of the Clinic Franchise Agreement have been met; (5) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) we have received signed counterparts of all required documents pertaining to your acquisition of the Site. You cannot open the MEDI-WEIGHTLOSS CLINICS® Business until we are satisfied that you have completed all necessary steps to open. While we may terminate the Clinic Franchise Agreement if you fail to open in the time required, we will grant you extensions if your delay is due to your engaging in efforts to comply with laws governing the Practice of Profession.

**Post-Opening Obligations:** During your operation of the MEDI-WEIGHTLOSS CLINICS® Business, we will:

A. Advise you from time to time regarding the operation of the MEDI-WEIGHTLOSS CLINICS® Business based on reports you submit or inspections we make. In addition, we will provide guidance to you on standards, specifications and operating procedures and methods to be utilized by MEDI-WEIGHTLOSS CLINICS® Business; purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; inventory sales and installation methods; use of suppliers, approved products, volume buying; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Business. (See Clinic Franchise Agreement Section 7.6, p. 29-30).

B. Establish our bookkeeping and accounting policies via our System Standards. (See Clinic Franchise Agreement Section 13, p. 46-47).

C. Furnish you, at your request, with additional guidance, assistance and training. (See Clinic Franchise Agreement Section 7.6, p. 29-30; Section 7.2, p. 29).

D. Loan you one copy of the Manual (or make the Manual available on-line or via other electronic format), consisting of such materials (which may include audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees for use in operating MEDI-WEIGHTLOSS CLINICS® Business. The Manual contains mandatory and suggested specifications, standards, operating procedures and rules ("System Standards") that we prescribe from time to time for operation of a MEDI-WEIGHTLOSS CLINICS® Business and information relating to your other obligations under the Clinic Franchise Agreement (and MPMA) and related agreements. We, in our sole discretion, may make the Manual accessible to you on-line or via other forms of electronic format like using the Internet or on Intranet or CD-Rom (instead of loaning one copy of it to you). If we do so, the most recent on-line (or electronic format) version of the Manual will control any disputes involving the Manual. The Manual may be modified, updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manual for changes to it. If we make the Manual accessible to you on-line (or electronic format), we will not send to you printed copies of any changes to it. (See Clinic Franchise Agreement Section 11.1, p. 38).

E. Issue, modify and supplement System Standards for MEDI-WEIGHTLOSS CLINICS® Businesses. These may establish minimum or maximum prices to the extent permitted by law. We may periodically modify System Standards, which may accommodate regional or local variations as we determine or to comply with applicable laws, rules and regulations, and these modifications may obligate you to invest additional capital in the Business and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Agreement. (See Clinic Franchise Agreement Section 11.1, p. 38; Section 11.2, p. 38-39; Section 11.3, p. 39-40; Section 11.9, p. 41).

F. Use our business judgment to informally mediate and attempt to resolve, and establish procedures for resolving, problems among franchisees with our System Standards. But, we are not responsible for the outcome of or to achieve a resolution to any disputes among franchisees. (See Clinic Franchise Agreement Section 11.2, p. 38-39).

G. As may be permitted by law, inspect and observe, photograph and videotape the operations of the MEDI-WEIGHTLOSS CLINICS® Businesses, remove samples of any products, materials or supplies for testing and analysis, interview the MEDI-WEIGHTLOSS CLINICS® Businesses' customers and personnel, and inspect and copy any books, records and documents relating to the operation of the MEDI-WEIGHTLOSS CLINICS® Business from time to time to assist you in complying with the Clinic Franchise Agreement and all System Standards. (See Clinic Franchise Agreement, Section 14.1, p. 47; Section 14.2, p. 47).

H. Establish, maintain and administer a system-wide fund (the “**System Development Fund**”). You are obligated to contribute to the System Development Fund such amounts that we prescribe from time to time (see Item 6). MEDI-WEIGHTLOSS CLINICS® Businesses owned and operated by us and our affiliates are not obligated to contribute to the System Development Fund on the same basis as franchise owners. (See Clinic Franchise Agreement, Section 12.1, p. 43; Section 12.2, p. 43; Section 12.3; p. 43-44; Section 12.5, p. 44).

I. Administer the program for, and charge you, as we deem necessary, Compliance Fees described in Item 6 and in our Manuals (Franchise Agreement–Section 6.25 and Exhibit A-Clinic Franchise Agreement).

#### **System Development Fund.**

You are required to pay to the System Development Fund and the System Branding Fees designated in Item 6. Franchisees' System Branding Fees may not be uniform among franchisees. We will direct all programs financed by the System Development Fund, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The System Development Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; and supporting public relations, market research and other advertising, promotion and marketing activities. The System Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

The System Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the



administration of the System Development Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all MEDI-WEIGHTLOSS CLINICS® Businesses to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the System Development Fund will be used to pay advertising costs before other assets of the System Development Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. We will not use any monies from the System Development Fund for the preparation materials intended to be used solely for franchise sales solicitations. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and the successor entity will have all of the rights and duties described in the Clinic Franchise Agreement.

The System Development Fund is intended to maximize recognition of the Marks and patronage of MEDI-WEIGHTLOSS CLINICS® Businesses. Although we will endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all MEDI-WEIGHTLOSS CLINICS® Businesses, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by MEDI-WEIGHTLOSS CLINICS® Businesses operating in that geographic area or that any MEDI-WEIGHTLOSS CLINICS® Business will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. We assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the System Development Fund. We do not have sufficient data to disclose what percentage of the System Branding Fees may be used for direct Franchise Sales.

Franchisee contributions to the System Development Fund (System Branding Fees) will generally be on a uniform basis, but we reserve the right to defer or reduce contributions of a franchisee and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the System Development Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the System Development Fund (System Branding Fees) during the preceding 12-month period. We and our affiliates will contribute to the System Development Fund (pay System Branding Fees) on the same basis as franchise owners for any MEDI-WEIGHTLOSS CLINICS® Businesses that we or our affiliates own or operate, but Licensed Businesses are not obligated to do so until they convert to franchises.

For the fiscal year ending December 1, 2008, we spent monies in the System Development Fund as follows: 50.6% on production, 44.8% on media placement, 4.6% on administrative expenses and 0% on other uses.

### **Your Local Advertising.**

During the first three months of operation, you must also conduct the “**Start-up Advertising Campaign**” (See Item 7). In our Manuals, we may designate the vendors you must work with in conducting the Start-up-Advertising Campaign, as well as the advertising and services to be provided by the vendors as part of the Start-up Advertising Campaign. Currently, the approved vendor for the Start-Up Advertising Campaign is Valassis (See Item 8).

In addition to your required System Branding Fees and the required Start-Up Advertising Campaign expenditures of between \$5,000 and \$15,000, you are also obligated to spend annually for local advertising and promotion of the MEDI-WEIGHTLOSS CLINICS® Business between \$24,000 to \$48,000 per Calendar Year paid on a quarterly basis. In our Manuals, we may designate the vendors you must use in conducting local advertising, as well as the advertising and services to be provided by such vendors in conducting the local advertising. For the first three months of operations, the only approved vendors for local advertising is Valassis (See Item 8). You must obtain telephone directory listings in the “white and yellow pages” in the size and manner we specify, displaying the Marks. If other franchise owners operate in the market area serviced by the directories, then you must participate in and pay your pro rata share of the cost of such listings and advertising. We may review your books and records relating to your expenditures for such advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay the unexpended amounts into the System Development Fund.

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them. If you do not receive written disapproval within 30 days after we receive the materials, we will be deemed to have given the required approval. You may not use advertising or promotional materials that we have not previously approved, nor may use advertising or promotional materials that we have disapproved. We can terminate your agreement if you use unapproved or disapproved local advertising and promotional materials.

#### **Local Advertising Cooperative.**

If a local advertising cooperative is established, you will be required to contribute to it an amount determined by that local advertising cooperative up to \$15,000 per calendar year. We expect that if a cooperative is formed, there may be written governing documents to review, it will provide annual or periodic statements, will be operated by the cooperative or a hired advertising agency. We have the right to require the cooperative to be formed, changed or dissolved. We will permit you access to the payment and expenditure records of any cooperative to which you contribute. Our or our affiliates' outlets in that same area will participate on an equal basis, and will contribute on an equal basis. We do not have a defined area for the cooperatives. They may vary based on industry standards for the media selected. We will allow local advertising cooperative contributions to count towards meeting your Local Advertising Expenditure obligations.

#### **Advisory Councils.**

We have established a National Advisory Council (“NAC”) composed of franchisees that advise us on, among other things, advertising issues and policies that fall under our Marketing Standards. Other areas the NAC focuses on are System Standards and Medical Protocol & Standards. Currently, members of our NAC are selected by us. It is initially comprised of 5 members, each of whom are to be from different franchises. In order to be selected by us to serve on the NAC, the applicant must be in compliance with all of its agreements with us. Our NAC serves in an advisory capacity only. At all times, we will have one representative on the NAC. If our franchise system grows to a point where we believe it is sufficient to allow elections to our NAC, we may do so. Amendments to the bylaws for the NAC, including those to form, change or dissolve it must be approved by us. We may terminate the NAC upon notice to its members.

## **Computer Systems.**

We currently require you to buy the Computer System, which includes and uses the hardware, software, printers, and communications equipment and services for the computer system we designate or approve. You must purchase and install at the Site and use the computer hardware and software programs that we designate. These may include our designated point of sale type software or hardware. The computer software that you must purchase must allow you to perform the following functions: record customer orders, customer names, addresses and other contact information; track inventory; generate bills and accounts receivable reports; record and process accounts payable; produce periodic financial reports, including delivered material sales analyses and salesperson performance reports.

Currently, the Computer System consists of the following items included in the Initial Package: Printer - 1; Label Maker – 1; 15ft USB Cable – 1; EKG Machine – 1; and 17” Touchscreen – 2.

Plus you must purchase two (2) Dell computers, each with sufficient capabilities to operate with the Software we designate. Currently, the minimum standards for each Dell computer are like the current version Optiplex 740 or an Optiplex 755, with 1GB/60GB or larger hard drive, DVD, Intel Pentium processor, Speakers, keyboard and mouse. This criteria changes as the models are revised by Dell and due to technological needs and advancements.

The computer will operate on a Microsoft Windows XP Professional or (if we permit) Vista operating System as well as web browsing software such as Internet Explorer or Yahoo. We do not require you to purchase these hardware or equipment items from any particular vendor. We also provide with the Computer License/Proprietary Software Fee our proprietary EMR Software, and our Advantage Website (that is part of our website capabilities). Otherwise, neither we nor any of our affiliates has any contractual right or obligation to provide support, ongoing maintenance, repairs or upgrades for your computer system. We anticipate ongoing maintenance will cost you \$500 to \$3,000 per year, but could be greater. At this time we do not anticipate any specific annual cost for repairs, support or upgrades; however, you will be required to maintain your computer system in working order so that it can perform the functions required to operate according to our System Standards. In addition, we may require you in the future to make certain expenditures so that your computer system complies with our then-current requirements and so that you will be able to operate the business operating software approved for use in a MEDI-WEIGHTLOSS CLINICS® Business. There are no contractual limitations on the frequency or cost of such computer modifications, other than we must use our business judgment in requiring any changes, additions or modifications.

We may, in our discretion, require you to purchase upgrades to later generations of any software used, or a comparable alternative that we approve. There are no contractual limitations on the frequency or cost of any required updates or upgrades. We also reserve the right in the future to require you to replace the previously approved software with proprietary software that we may develop. In addition, if we implement a mandatory proprietary software system, we may require you to pay us a monthly software support and upgrade fee. We do not have an estimate of these fees. But, see Item 6 for our Computer License/Proprietary Software Fee which is currently \$333.33 per Accounting Period.

You must obtain and install a high-speed Internet connection (through DSL or cable modem) to your computer system at the site and maintain a valid e-mail address and account to which you have access and through which we may contact you, in addition to the e-mail address we assign you through our System. We have the right to independently access all information you collect or compile at any time without first notifying you, and you must give us password access to your Computer System to enable us to obtain such data.

You must use this Computer System for on-line reporting of such sales and other information from your computer to us as required under the Clinic Franchise Agreement or Manual. You (and or the Practice, or employed Physicians or Professionals) also use it for client calendars and schedules, client demographics, marketing, Rx dispensing, inventory and management, body composition, billing, and accounting. For any time period during which the Computer System is not functioning properly, you agree to report such sales and other information by telephone to us no less frequently than each Accounting Period.

Currently, we don't require any annual service or maintenance plans. We maintain the Advantage Website and the EMR Software included in the Proprietary Software Fee and Administrative Fee.

Our System Standards require that you must provide all systems we require to bring your computer system on line with our headquarters' computer at the earliest possible time and to maintain this connection as we require. We may retrieve from your Computer System all information that we consider necessary, desirable, or appropriate. There are no contractual limitations on our right to access information contained and/or utilized via your Computer System. You must maintain your Computer System and keep it in good repair. There is no contractual limit on our ability to require you to upgrade the Computer System, add components to the Computer System and replace components of the Computer System. We cannot estimate the cost of maintaining, updating or upgrading your Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time.

We have the right to control all use of the URL's, domain names, websites, addresses, metatags, links, e-mail addresses and any other means of electronic identification or origin ("**e-names**"). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "**e-commerce**"). You must follow all of our policies and procedures for the use and regulation of e-commerce.

### **Table of Contents of Operating Manual.**

The table of contents of our Manual as of the date of this disclosure document is attached as Exhibit "R".

### **Training.**

Before the Business opening, we will provide Business operations training to 3 of your personnel, one of whom must be your owner and another must include your on-Site Manager/Medical Director and Sales Director ("**Owner/Manager Training**") (3 persons). At least 3 persons must complete the Owner/Manager Training. Approximately between 2 and 5 consecutive days of this training will be furnished at our designated training facility (currently in Tampa, Florida) and/or at an operating MEDI-WEIGHTLOSS CLINICS® Business. You and your trainee employees must complete the initial training to our satisfaction. You also must participate in all other activities required to operate the MEDI-WEIGHTLOSS CLINICS® Business. Although there are no additional fees for this training, you are responsible for all travel, living and compensation expenses which you and your employees incur in connection with training. We offer additional mandatory training when needed and when we can schedule it approximately 2 -3 times per year. We are constantly in the process of evaluating and improving our

training programs so they may change at any time. You must pay to us any Training Expenses we incur on your behalf and you are responsible for any Training Expenses you incur. See Item 5. (Clinic Franchise Agreement - Section 7.1)

Before your Business opens, our designee (who currently is our affiliate, BMS), will at your expense, furnish an initial medical training program lasting up to 5 days for up to two (2) Physicians/Professionals and other employees or independent contractors working for or in connection with your Business, at no additional charge if your Physicians and Professionals are employed by you (the "**Professional Training**"). The Professional Training lasts up to 5 days and may be furnished at our designee's designated training facility. At least one of your Physicians and at least one other Physician or other Professional is required to complete the Professional Training to our satisfaction. We, in our sole judgment, may require other employees or independent contractors employed by or working with you to complete the Professional Training to our and our designee's satisfaction. See Item 6 regarding Additional Professional Training Fees.

We expect to provide the following training:

**Owner/Manager Training (at our Training Facility).**

**TRAINING PROGRAM**

<b>ITEM 11 Owner/Manager Training Training Program</b>			
<b>(1) Subject</b>	<b>(2) Hours of Classroom Training</b>	<b>(3) Hours of On the Job Training<sup>1</sup></b>	<b>(4) Location</b>
Introduction to Program	1-3	2-7	Our headquarters or a location we designate
Compliance	1-3	2-7	Our headquarters or a location we designate
Medication	1-3	2-7	Our headquarters or a location we designate
EMR	2-4	2-7	Our headquarters or a location we designate
Advantage	1-2	2-7	Our headquarters or a location we designate
Supplements	1-2	2-7	Our headquarters or a location we designate
Customer Service	1-3	2-7	Our headquarters or a location we designate
Sales Training	1-3	2-7	Our headquarters or a location we designate
Marketing	2-5		Our headquarters or a location we designate
Medical Protocol	3-6	2-7	Our headquarters or a location we designate
Equipment	1-2	2-7	Our headquarters or a location we designate
<b>TOTAL</b>	<b>15-36</b>	<b>20-70</b>	

We expect that Owner/Manager Training and Professional Training will be conducted for you and your personnel (and or the Practice's Physicians) after the Clinic Franchise Agreement has been signed and while the MEDI-WEIGHTLOSS CLINICS® Business is being developed. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. Training days may be up to 12 hours in length. The "hours of classroom" or "on the job" training overlap each other and the subjects are not distinctly separated during training. We also require your Physicians to obtain Professional Training from our designee. The following table summarizes the Professional Training Program provided by our Designee.

**Professional Training (at our Designee's facility or where it designates)**

**TRAINING PROGRAM**

<b>ITEM 11 Professional Training Training Program</b>			
(1) <b>Subject</b>	(2) <b>Hours of Classroom Training</b>	(3) <b>Hours of On the Job Training</b>	(4) <b>Location</b>
Medical Protocol	3-6	2-7	Where our designee designates
<b>TOTAL</b>	3-6	2-7	

We also provide you with the Franchise Fee an "Opening Team" for such time period as we may designate to assist you with the opening of your Business. Currently, the Opening Team is provided for two (2) days with at least one trainer/Opening Team Member. We may require additional Opening Team Members or additional days, and if you request additional days or Opening Team Members, we charge our then current Additional Opening Expenses (see Item 6). This Opening Team serves the dual role of assisting you and providing additional training. We require you, at your expense, to provide on-site meals and beverages for the Opening Team plus all of its travel and living expenses. The Opening Team will consist of those person(s) we may designate from time to time (there currently is no set number, but we promise at least 1) and will assist you for such periods of time as we may designate. We are not required to provide an Opening Team or other on-site training to you if you are a transferee of an existing MEDI-WEIGHTLOSS CLINICS® Business. You are responsible for additional Opening Team expenses and training expenses. See Additional Training or Assistance in Item 6.

**Training At Franchisee's Location (while the Opening Team is at the MEDI-WEIGHTLOSS CLINICS® Business).**

**TRAINING PROGRAM**

<b>ITEM 11 Training Training Program</b>			
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On the Job Training<sup>1</sup></b>	<b>Location<sup>2</sup></b>
Program	0	1-2	Your site

<b>ITEM 11 Training Training Program</b>			
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On the Job Training<sup>1</sup></b>	<b>Location<sup>2</sup></b>
Inventory		1	
Compliance	0	1-2	Your site
Medical Protocol	0	1-2	Your site
Customer Service	0	1-2	Your site
Marketing	0	1-2	Your site
Sales	0	1-2	Your site
Supplements	0	1-2	Your site
Office Procedures	0	1-2	Your site
Equipment	0	1-2	Your site
<b>TOTAL</b>	0	10-21	

- 1 It is the nature of the MEDI-WEIGHTLOSS CLINICS® Business that all aspects of training are integrated; that is, there are no definitive starting and stopping times, although the training is accomplished consecutively over a one week training period.
- 2 Where indicated on the chart above, the owner/manager training program is conducted and/or supervised by John Kaloust, Macklin Guzman, Stacey Heald, April Plank, and Evelyn Kikta whose backgrounds are described in Item 2. Each of them has experience with our affiliated Licensed Businesses since the beginning dates of their employment with our affiliates. Professional Training is provided only by our designee, currently BMS, and supervised by Dr. Zbella. See Item 1. He has many years of experience as a physician and has been associated with the MEDI-WEIGHTLOSS CLINICS® Program since 2005. Training will be supervised by these instructors but may be conducted by other members of our staff or outside consultants. (See Item 1)
- 3 Some states and municipalities also may require separate training before permitting the business to open. You should check your state and local laws.

You, your Manager/Medical Director and/or previously trained and experienced managers must attend any periodic refresher training courses that we provide from time to time and pay the applicable fees (see Item 6). You also will have to pay us for training new managers hired after the MEDI-WEIGHTLOSS CLINICS® Business opening. The employee training program must be conducted by trainers that we have approved who have also satisfactorily completed our training. When training is onsite, you must provide an alternative training facility if we feel that construction or other distractions prevent us from satisfactorily performing the training on premises.

None (0%) of MEDI-WEIGHTLOSS CLINICS® Businesses have opted for additional Optional Training in the past twelve (12) months.

#### **Area Development Program.**

During your development of the Development Area, we will grant franchises to you for the operation of MEDI-WEIGHTLOSS CLINICS® Businesses, to be located within the Development Area, in accordance with the standards and specifications which we establish from time to time (Section 5 of the Development Agreement).

During your development of the Development Area, we will maintain your territorial exclusivity by not granting franchises to other persons to establish and operate MEDI-WEIGHTLOSS CLINICS® Businesses in the Development Area, provided that you are in compliance with all agreements between you and us. Advertising in the Development Area will be governed by the terms of the Clinic Franchise Agreements between you and us for the Development Area. We do not conduct a training program in connection with our Area Development Program which is separate from our training program for the Unit Franchise Program.

### **"Certified" Area Representatives and Area Developer.**

We are in the process of investigating if we will establish a program to certify our Area Development and Area Representative Businesses to provide training to MEDI-WEIGHTLOSS CLINICS® Businesses in their Development Areas or Territories. If we certify you as capable of providing an Opening Team or Initial Training to your subsequent franchises, we will not require you to have us provide them training. Instead we may require their certified trainers to do so.

## **ITEM 12** **TERRITORY**

### **Unit Franchise Program.**

The franchise is granted for a specific location that first must be approved by us (the “Site”). The Site will be located in a Protected Area within a Market Area. Your exclusive rights apply only to the Protected Area and not to the Market Area. But, as long as you are in compliance with the Clinic Franchise Agreement, we will not grant a franchise for, nor ourselves operate, a MEDI-WEIGHTLOSS CLINICS® Business from a fixed location within your Protected Area. We make no such offer for the Market Area. Other than your right to operate the MEDI-WEIGHTLOSS CLINICS® Business at its address within the Protected Area, we do not grant you any territorial rights whatsoever. Generally, the Market Area and Protected Area will be geographic areas that we designate. Our System Standards generally confine your marketing activities to within your Market Area. We do not have an established geographical formula for defining the Market Areas or Protected Areas. While we may use demographic and market analysis services to assist us, we base it on our sole judgment. However, we will not usually approve the Site and Protected Area unless one hundred thousand (100,000) people live or reside within the area we intend to designate as the Protected Area. For this purpose, the population includes residents, business invitees and employees, seasonal or temporary residents, transients and tourists. We currently use 2005 Census Bureau data, as well as estimate for 2008 data, but we also investigate and may use third party data sources.

Factors that influence our grant of Market Areas and Protected Areas include the proximity of the Site to the malls, shopping centers, business centers, industrial parks, airports, traffic count, speed of traffic, access to the Site, and competition in the Market Areas and Protected Areas, etc. We have no obligation whatsoever to provide you Market Areas and Protected Areas with a certain minimum number of people.

We may establish other MEDI-WEIGHTLOSS CLINICS® Businesses (franchised or owned by us) anywhere outside of the Protected Area (and anywhere inside or outside the Market Area other than the Protected Area) that may or may not compete with your location. We may utilize any type of Internet, Intranet, e-mail, site or website or other means of electronic communication to offer or sell anywhere (even within your Market Area), products and services bearing the Marks or Copyrights without any compensation to you. We may require you to advertise using 1-800 or 1-877 type telephone numbers we designate or control and can distribute leads from them as we see fit.



We may establish other MEDI-WEIGHTLOSS CLINICS® Businesses (franchised or owned by us) anywhere outside or inside your Market Area that may compete with your location. We retain the right (in our sole discretion) to sell products identified by the Marks and Copyrights (except Foundational Products and Services) through distribution channels other than MEDI-WEIGHTLOSS CLINICS® Businesses (including mobile businesses, internet, intranet, websites, e-mail or other forms of e-commerce). Your maintenance of your rights to your Market Area is not contingent on your obtaining specific sales quotas or opening additional outlets.

Continuing your Franchise or territorial rights (Market Area or Protected Area) does not depend on your achieving certain sales value, market penetration or other contingency (except, of course, your compliance with the Clinic Franchise Agreement).

### **Other Services.**

We may permit or require you to provide Other Services as described in the Clinic Franchise Agreement and our Manual. Other services are services not currently offered to be performed at MEDI-WEIGHTLOSS CLINICS® Businesses which are related to the weight loss industry. For example, Other Services might include weight loss, nutritional, or weight management related catering, or services like smart lipo. If we do so, we will designate the areas in which you can provide the Other Services. You must not perform any Other Services outside of the areas we designate for them. We do not grant you any exclusive territorial rights to any areas for providing Other Services. Your offering of Other Services will be governed by your Clinic Franchise Agreement and you will be required to comply with our System Standards for offering any Other Services. And, we may charge your new and additional fees to offer the Other Services.

### **Institutional Accounts.**

We may develop an Institutional Account Program for the benefit of the MEDI-WEIGHTLOSS CLINICS® Businesses and other System Businesses. An “Institutional Account” is a client or a group of clients that operate under common ownership or control, through independent dealerships, affiliated entities, franchise systems, religious organizations, school systems, multiple offices of a medical practice with whom you or other MEDI-WEIGHTLOSS CLINICS® Businesses affiliate, governmental units, or businesses with multiple locations or disperse employees or some other association, for whom, or at whose locations or at multiple MEDI-WEIGHTLOSS CLINICS® Business or other System Businesses’ locations we have arranged for the MEDI-WEIGHTLOSS CLINICS® Business or other System Businesses to provide to their employees or participants the MEDI-WEIGHTLOSS CLINICS® PROGRAM and any Products and Services we designate: all of which may be offered under special pricing structures. Regardless of any contrary provision of the Clinic Franchise Agreement:

(a) We or our designee may solicit your current or potential clients located in your Marketing Area or Protected Area, whether or not you currently provide any products or services to them, in order to develop them as Institutional Accounts or for products or services we offer through e-commerce. We or our designee may do so without violating any of your territorial rights;

(b) You must use your commercially reasonable best efforts to provide and sell the Products and Services we designate to Institutional Accounts located in your Marketing Area and Protected Area on the terms and conditions we specify for the program for those Institutional Accounts. We may require you to do so at the location of an Institutional Account or by other means which may not be located within the confines of your MEDI-WEIGHTLOSS CLINICS® Businesses. These terms may vary from Institutional Account to Institutional Account depending on the situations and circumstances. We may

require that you coordinate your efforts with other System Businesses in order to provide and sell products and services to Institutional Accounts;

(c) You recognize that some Institutional Accounts, for whatever reason, may decide that they do not want to do business with you. If that happens, we will cooperate with you to the extent we deem practicable to resolve the Institutional Account's concerns. However, if the Institutional Account continues to refuse to do business with you as a result of your failure to comply with the System Standards, lapses in your client service, or any other reason, we may prohibit you from participating in any Institutional Account Program;

(d) You agree to indemnify us against all expenses we incur or monies we refund to such Institutional Account resulting from your failure to provide or sell products and/or services to it;

(e) You must honor the terms and conditions we specify and develop for Institutional Accounts, including the maximum pricing for products or services and any service schedules for any Institutional Account you service; and

(f) Due to the need to insure adherence to the System Standards in selling and providing products and services for Institutional Accounts, you will not be eligible for assignment of Institutional Accounts unless you are in full compliance with the Clinic Franchise Agreement.

#### **Kiosk Sites.**

We may also develop a program for offering Kiosk Sites at Kiosk locations. "**Kiosk Locations**" are places where large numbers of individuals congregate for various reasons, often due to transit, such as airports, cruise ship terminals, train stations, subway stations and the like, or for shopping purposes such as indoor and outdoor malls, town centers, and the like, or for purposes of entertainment like stadiums, amphitheaters, amusement parks, theme parks, boardwalks, private and governmental parks, historic sites, and the like. If we determine that we want to develop and operate or grant the rights to an affiliate or other third party to develop and operate a kiosk or other limited services facility that has a retail floor space of 500 square feet or less offering or taking orders for the Products and Services (collectively, a "**Kiosk Site**") at a Kiosk Location within your Protected Area, we will first notify you of such intent and provide you a right of first refusal to enter into an addendum to the Clinic Franchise Agreement with us for the operation of such Kiosk Site. We do not grant any right of first refusal for Kiosk Locations having Kiosk Sites in areas of your Market Area that are not in your Protected Area. We do not have a Kiosk Program or addendum for it at this time. In order to exercise your option to obtain the right to operate the Kiosk Site you must, within thirty (30) days of the date we notify you of our intent to establish such Kiosk Site, comply with all of the following:

(a) enter into our then current form of MEDI-WEIGHTLOSS CLINICS® Business addendum to the Clinic Franchise Agreement for the Kiosk, which may contain terms and conditions different from the form of Clinic Franchise Agreement that we offer to MEDI-WEIGHTLOSS CLINICS® Businesses that are not designated as Kiosk Sites;

(b) pay to us our then current initial fees for the Kiosk Site;

(c) qualify under our then current Standards and Specifications for Kiosk Site franchise owners as meeting our qualifications to operate Kiosk Sites, which qualifications may differ from those of MEDI-WEIGHTLOSS CLINICS® Business franchise owners who operate non-Kiosk Site MEDI-WEIGHTLOSS CLINICS® Businesses; and

(d) be in full compliance with the Clinic Franchise Agreement and all other agreements between you and us, and our affiliates.

If we offer you the opportunity to operate and you accept our offer to allow you to operate a Kiosk Site, you must enter into an addendum to the Clinic Franchise Agreement indicating such and, afterwards, your operation of the Kiosk Site will be deemed the same as, and will be treated the same as, the operation of your MEDI-WEIGHTLOSS CLINICS® Business. However, we may choose to not offer Kiosk Locations if they are unable to offer sufficient Products and Services due to limitations related to the Practice of a Profession, or if we choose not to do so for any other reason.

### **Area Development Program.**

Unless you enter into an Area Development Agreement (“**Development Agreement**”), you do not have any options, rights of first refusal or similar rights to acquire additional franchises.

**Exclusivity:** If you enter into a Development Agreement with us and remain in compliance with it and all Clinic Franchise Agreements with us, then during the term of the Development Agreement, we will not operate (directly or through an affiliate) nor grant a franchise for the operation of any MEDI-WEIGHTLOSS CLINICS® Businesses to be located within the Development Area, except for those franchises granted to you (and your affiliates) according to the Development Agreement.

The Development Area will generally consist of a geographic area that we believe has common advertising, media or demographic characteristics of an area having a number of persons equal to or greater than 100,000 multiplied by the number of Unit Franchises to be developed under the Development Schedule. But, we do not have any minimum or maximum size Development Area. Its geographical boundaries will vary (generally an area drawn on a map having the number of persons necessary to meet our general guide). The Development Area will be described in Section 3.1 of the Development Agreement prior to its signing.

**Development Obligations:** If you do not meet your development obligations as shown in the Development Schedule, you will be in default under the Development Agreement. If you default under the Development Agreement we may, in our sole discretion, take 1 or any combination of 4 actions: (1) grant you an extension for such time period and for a nonrefundable Extension Fee equal to the Franchise Fees for the number of Businesses required to be constructed that are behind the Development Schedule; (2) eliminate the exclusive development rights; (3) reduce the Development Area and the Development Schedule to a size and magnitude that we reasonably believe you are capable of operating; or (4) terminate the Development Agreement.

### **Rights We Retain.**

Under the Clinic Franchise Agreement and Development Agreement, we (and our affiliates) retain the right in our sole discretion to:

A. establish and grant to our franchises the right to establish MEDI-WEIGHTLOSS CLINICS® Businesses anywhere outside the Protected Area, Market Area and Development Area, on such terms and conditions as we deem appropriate (even immediately outside the border of the Protected Area, Market Area and Development Area;

B. operate, and grant franchises to others to operate businesses, whether inside or outside the Market Area, Protected Area and Development Area, specializing in the sale of products or provision of

services, other than a Competitive Business, using certain of the Marks or Copyrights and pursuant to such terms and conditions as we deem appropriate;

C. operate, and grant franchises to others to operate businesses, licenses, franchises, or other services of any kind, whether inside or outside the Market Area and Development Area, that do not use the of Marks or Copyrights;

D. market and sell, inside and outside of the Market Area, Protected Area and Development Area, through Alternative Channels of Distribution (like mobile businesses, Internet or Intranet website, e-mail site) goods and services competitive with goods and services offered by MEDI-WEIGHTLOSS CLINICS® Businesses (except the Foundational Products and Services), under the Marks or under trade names, service marks, or trademarks other than Marks, without any compensation to you and in such amounts in such manner as we determine in our sole discretion; and

E. engage in any act or exercise any right not expressly and exclusively provided to you under your agreement with us.

We are not required to pay you if we exercise any of the rights described above inside your Market Area, Protected Area or Development Area, or if we otherwise solicit or accept orders from consumers inside your Market Area, Protected Area or Development Area. We do not restrict you from soliciting or accepting orders from persons outside of your Market Area for on-premises sales at the Site of your Business. But, we do confine your marketing to within your Market Area. You do not have the right to use Alternative Channels of Distribution, including the internet, catalog sales, telemarketing or other direct marketing, to make sales where the products or services are provided outside of your Market Area or at locations other than your Site.

You may not relocate the MEDI-WEIGHTLOSS CLINICS® Business without our previous written approval. We will grant approval in most instances if you are in full compliance with your Clinic Franchise Agreement, have paid all money owed to us and our affiliates, and the proposed location meets our Site selection criteria and you comply with the lease requirements in the Clinic Franchise Agreement. We may, if we wish, inspect your proposed new location and you must pay our costs due to your relocation and site evaluation fees.

#### **Alternative Channels of Distribution.**

As described above, although we currently do not do so, we and our affiliates may sell products and services other than Foundational Products and Services under the Marks both inside and outside of your Market Area through any alternative channels of distribution other than the dedicated MEDI-WEIGHTLOSS CLINICS® Businesses, including sales through channels of distribution such as the internet, catalogue sales, internet marketing or other direct marketing sales ("**Alternative Channels of Distribution**"). We may use Alternative Channels of Distribution to make sales inside or outside of your Market Area or Protected Area as described in our System Standards, which may be modified from time to time, and you will not receive any compensation for sales through Alternative Channels of Distribution unless we later establish a compensation program for doing so under our System Standards.

There are no limitations on our right to engage in Alternative Channels of Distribution for any Products and Services other than the Foundational Products and Services. But, we will not authorize for sale, or sell, the Foundational Products and Services through any channels of distribution other than direct sales to clients of franchised MEDI-WEIGHTLOSS CLINICS® Businesses, Company Owned Businesses and Licensed Businesses.

For purposes of the territorial protections granted to you, we treat Licensed Businesses and Company Owned Businesses the same as franchised MEDI-WEIGHTLOSS CLINICS® Businesses. So, Foundational Products and Services (as opposed to Branded Products ) will only be sold to clients who are under physician supervision at Company Owned Businesses, Licensed Businesses and MEDI-WEIGHTLOSS CLINICS® Businesses. Nonetheless, we do allow Area Developers and Area Representatives to use certain aspects of the Foundational Products and Services in connection with their obligations as Area Developers and Area Representatives.

This means that, for example, we will not authorize for sale or make Foundational Products and Services available for sale in pharmacies, kiosks, over the internet, or through any other alternate means for public distribution or consumption. Nonetheless, we reserve the right to, and may, in our sole discretion, design Alternative Channels of Distribution so that clients of System Businesses can acquire the Foundational Products and Services through Alternative Channels of Distribution like e-commerce, catalog or similar means that we control provided we, in our sole discretion, establish compensation structures to compensate the System Businesses for sales of Foundational Products and Services in the Protected Areas associated with those clients according to our then current System Standards. If we do so, you must participate in, and comply with such program according to our System Standards.

You may face competition from other MEDI-WEIGHTLOSS CLINICS® Businesses that we or an affiliate owns that operates inside of your Market Area. Also, you may face competition from other MEDI-WEIGHTLOSS CLINICS® Businesses that we franchise, or from other channels of distribution or competitive brands that we may own or control.

We are in the process of developing System Standards related to Alternative Channels of Distribution made by MEDI-WEIGHTLOSS CLINICS® Businesses inside and outside of the Market Areas. However, we do not have such policies at this time. Our reservation of rights, described above, allows us and our affiliates to use Alternative Channels of Distribution to make sales within and outside of your Protected Area and your Market Area of any products and services (other than Foundational Products and Services) under trademarks which are the same, or which are different from the Marks that you will use under the Clinic Franchise Agreement. But, we and our affiliates have not yet made sales of this type in the Market Areas of existing MEDI-WEIGHTLOSS CLINICS® Businesses franchises.

#### **Transfers or Renewals.**

A renewal (successor franchise) or transfer, may require you or the transferee to accept a different Protected Area or Market Area based on our then current policies.

#### **Other Franchises.**

Although, we and our affiliates have the right to do so (as described above) (other than the Licensed Business and Exclusive Sales Representative Business), we and our affiliates do not operate and have not operated or franchised, and do not currently plan to operate or franchise other businesses selling or leasing similar products or services under different trademarks.

**ITEM 13**  
**TRADEMARKS**

**Primary Trademark.**

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating the Business. The primary trademarks we use are the “MEDI-WEIGHTLOSS CLINICS®,” (wordmark) and other names, logos, symbols, and associated designs and trade dress.

**Trademark Registration.**

You may use and we require you to use the Marks in operating your MEDI-WEIGHTLOSS CLINICS® Business and Area Developer Business. The principal Marks are listed in the table below. The following Marks are owned by our affiliate, Medi IP, and registrations for them have been Registered on the Principal Register of the United States Patent and Trademark Office (the “PTO”):

<b>Registration</b>	<b>Description of Mark</b>	<b>Principal or Supplemental Register of the United States Patent and Trademark Office</b>	<b>Registration Date</b>
3,326,228	MEDI-WEIGHTLOSS CLINICS (wordmark)	Principal Register	October, 30 2007
3,404,655	MEDI-WEIGHTLOSS CLINICS & DESIGN	Principal Register	April 1, 2008
3,384,764	THE ONE THAT WORKS! (wordmark)	Principal Register	February 19, 2008

There are no currently effective material determinations of the United States Patent & Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, cancellation or opposition proceedings or material litigation, involving the Marks. All affidavits or renewal applications due have been filed. There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed in this section in manner material to the franchise.

**Use of the Marks.**

We license each of the Marks listed above from Medi IP, pursuant to a written license agreement with them. Under the license agreements, we have full rights to use the Marks and to license you to use them. There are no material limitations on your use imposed by such license agreements or no relevant circumstances under which such license agreements may be canceled or modified which affect your rights.

You must follow our rules when you use the Marks. You cannot use any Mark as part of your corporate or legal business name or with modifying words, designs or symbols (except for those we license to you). You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.

**Infringements.**

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement,

challenge or claim. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. We have sole discretion to take any action (including no action) as we deem appropriate and the right to control exclusively any litigation, PTO proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interests in the Marks. The Clinic Franchise Agreement does not require us to defend the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us or if the proceeding is resolved unfavorably to you.

#### **Indemnification.**

We will indemnify and defend you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with the Franchise Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or Copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of the Franchise Agreement. We will not indemnify you against the consequences of your use of the Marks, or any Copyrights: (a) for any Marks or other Copyrights which you develop or submit to us (regardless if they become, or have become our property); or (b) unless your use of such Marks or Copyrights we provide was and is in accordance with the requirements of the Franchise Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

#### **Changes to the Mark.**

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. If so, we will reimburse you for your reasonable direct expenses of changing the Business' signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

Other than as described above, we do not actually know of either superior prior rights or infringing uses that could materially affect your use of our principal trademarks in any state.

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

There are no patents that are material to the franchise that are owned or licensed by us. The pharmaceutical patents on the medications that make up the MEDI-WEIGHTLOSS CLINICS® Program

are important, but are not owned by us or our affiliates and we do not have any formal patent license for them. Neither we nor our parent have any pending patent applications that are material to the franchise.

We claim copyrights in the Manual, the building/clinic design, the interior decor and all copyrightable aspects of the MEDI-WEIGHTLOSS CLINICS® Program, the websites (including the Advantage Website and www.mediweightloss.com), our proprietary EMR Software, Art, advertising materials and related items used in operating the franchise. These copyrights have not been registered with the United States Registrar of Copyrights.

The Manual, which is described in Item 11, and other materials we possess contain our confidential information. This information includes site selection criteria; methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating MEDI-WEIGHTLOSS CLINICS® Businesses; marketing and advertising programs for MEDI-WEIGHTLOSS CLINICS® Businesses; knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; and knowledge of the operating results and financial performance of MEDI-WEIGHTLOSS CLINICS® Businesses other than your MEDI-WEIGHTLOSS CLINICS® Business.

All ideas, concepts, techniques or materials relating to a MEDI-WEIGHTLOSS CLINICS® Business (including, for example, architectural layouts, designs, plans and decor), whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. We may require your employees, independent contractors or agents to sign a form of nondisclosure and non-competition agreement. We may regulate the form of agreement that you use and may require that we be made a third party beneficiary of that agreement with independent enforcement rights.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the MEDI-WEIGHTLOSS CLINICS® Business system. We need not participate in your defense and/or indemnify you for damages or expenses in proceedings involving a copyright or patent.

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

You must at all times faithfully, honestly and diligently perform your obligations under the Clinic Franchise Agreement, continuously exert your best efforts to promote and enhance the MEDI-WEIGHTLOSS CLINICS® Business and not engage in any other business or activity that conflicts with your obligations to operate the MEDI-WEIGHTLOSS CLINICS® Business in compliance with the Clinic Franchise Agreement. Either you, or one (1) of your principal owners (with ownership of at least 10% of



your voting securities if you are a business organization (like a corporation, limited liability company or limited partnership)) (a “**Business Entity**”) must meet our qualifications for MEDI-WEIGHTLOSS CLINICS® Business managers and participate personally in the direct operation of the MEDI-WEIGHTLOSS CLINICS® Business.

At all times, the MEDI-WEIGHTLOSS CLINICS® Business must be managed by a full time general manager and one other management level employee who both have satisfactorily completed our initial training. You or one of your principal owners may fill one of these 2 positions. Each of those individuals (one of which must be 1 of your principal owners with at least a 10% ownership interest) must meet our qualifications for Business managers.

Our current qualifications for Business Managers are: (i) have a sufficient amount of experience managing and operating full service Businesses (in terms of duration, operational responsibilities, previous training, etc.) as a general manager or in a similar supervisory position to demonstrate to us that he is capable of managing a MEDI-WEIGHTLOSS CLINICS® Business; (ii) have management responsibility and authority over the Business on a day-to-day basis; (iii) be actively employed on a full-time basis to manage the MEDI-WEIGHTLOSS CLINICS® Business' operations; and (iv) satisfactorily complete our initial training program and any other training programs we require during the term of your Clinic Franchise Agreement. Either you or a manager must be at the Site at all times when the MEDI-WEIGHTLOSS CLINICS® Business is open. You must have at least one (1) Physician either on site or on call depending on your state’s medical laws. It may be necessary for your Physician(s) to be your owners. See Item 1.

We require your owners, employees and the employees of physician professionals, you or the Practice's employees to sign Confidentiality and Non-Solicitation and Non-Competition Agreements with you or the Practice that lists us as a third party entity. You will need to have these prepared by your attorney and insure that they impose the same restrictions as are provided under the Clinic Franchise Agreement and MPMA.

If you are a Business Entity, your owners must not only personally guarantee your obligations under the Clinic Franchise Agreement but also agree to be personally bound by, and personally liable for the breach of, every provision of the Clinic Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. The form of “**Principal Owners’ Guaranty**” is attached as Exhibit “H”. The amount of Principal Owners’ Guaranty obligations are limited in connection with certain monetary obligations (for fees, both past due and future) but not for other obligations. See Exhibit “H”. We require you to complete a “**Principal Owners’ Statement**” in the form attached as Exhibit “G”. The Principal Owners’ Statement describes all of your owners and their interests in you.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale all products, and perform all services, that we require from time to time for MEDI-WEIGHTLOSS CLINICS® Businesses. You may not offer for sale any products or perform any services that we have not authorized. (See Items 8 and 9.) Our System Standards may regulate required or authorized products, product categories and supplies. We have the right to change the types of required and/or authorized goods and services from time to time. Other than limits imposed by applicable laws, rules and regulations relating to Physicians’ or Professionals’ independent medical judgment and other laws governing health care providers, there are no limits on our right to do so. See Item 1.

We do not impose restrictions or limitations on your access to customers other than marketing outside your Market Area and rules for Institutional Accounts. We may distribute leads generated by the System Development Fund as we see fit. But, we prohibit or limit your use of Alternative Channels of Distribution. We may designate maximum and minimum retail prices to the extent permitted by governing law. See Item 12.

You are obligated to comply with all modifications to System Standards within the time period we specify. But, if those modifications are capital modifications in excess of \$25,000, we will give you 90 days to comply with capital modifications we require. And, if the capital modification requires an expenditure of more than \$100,000, we will give you 180 days from the date such request is made to comply with such capital modification. During the term of the Clinic Franchise Agreement, we will not require you to spend, in connection with capital modifications, more than 35% of our high initial estimate of the cost of the sum of leasehold improvements and furniture, supplies, fixtures and equipment (see Item 7) or \$100,000, whichever is greater.

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

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

**Unit Franchise Program.**

<b>ITEM 17</b>		
<b>FRANCHISE RELATIONSHIP</b>		
<b>Unit Franchise, Area Development and Practice Management Program</b>		
<b>Provisions</b>	<b>Section in Agreement</b>	<b>Summary</b>
<b>(a) Length of the Term</b>	Section 3 of Clinic Franchise Agreement	10 years
	Sections 2.1 and 3.3 of Area Development Agreement	The earlier of 10 years from the date you sign the Area Development Agreement or when the Development Schedule expires. The Development Schedule varies depending on the number of MEDI-WEIGHTLOSS CLINICS® Businesses to be opened (about 1 year for every 3 MEDI-WEIGHTLOSS CLINICS® Businesses).
	Section III of Practice Management Agreement	Varies usually the length of the term of the Clinic Franchise Agreement.
<b>(b) Renewal or extension of the term</b>	Section 3 of Clinic Franchise Agreement	If you are in good standing, you can acquire 4 successor franchises for additional 5-year terms on our then current terms and conditions.
	Sections 2.2-2.4 of Area Development Agreement	If you are in good standing, meet all of our requirements and you and we determine that additional MEDI-WEIGHTLOSS CLINICS® Businesses should be developed, you can acquire a successor Development Agreement on our then current terms. You may be asked to sign a contract with materially different terms and conditions than your original contract – the Development Agreement. The boundaries of the development may or may not remain the same

<b>ITEM 17</b>		
<b>FRANCHISE RELATIONSHIP</b>		
<b>Unit Franchise, Area Development and Practice Management Program</b>		
<b>Provisions</b>	<b>Section in Agreement</b>	<b>Summary</b>
		and the amount of fees under the Development Agreement may be different as well. Fees we may impose under a successor development agreement may be different than we are imposing on similarly situated renewing Area Development Franchises due to the saturation of franchises in the area at the time, potential for growth in such area, and our interest in having additional area developers at that time.
	Section III of Practice Management Agreement	Subject to negotiations between the Clinic and Practice.
<b>(c) Requirements for you to renew or extend</b>	Section 3 of Clinic Franchise Agreement	You must: Maintain Site or secure substitute Site; bring your MEDI-WEIGHTLOSS CLINICS® Business into compliance with our then current specifications and standards; sign new Clinic Franchise Agreement and ancillary agreements, general releases; satisfactorily complete training and refresher programs; pay fee; and sign a general release in the format attached as Exhibit "I" to this Disclosure Document. You will be asked to sign a contract (Clinic Franchise Agreement) with material terms and conditions of your original contract, and the boundaries of the Market Area may not remain the same, and the Monthly Fee upon renewal will not be greater than the monthly fee that we then impose on similarly situated renewing franchisees.
	Section 2.2 of Area Development Agreement	You and we determine that additional Businesses should be developed in the Development Area, you (or any affiliate) are not in default under the Development Agreement or any Clinic Franchise Agreement, you sign a new Development Agreement and a general release and you pay us the then current Development Fee.
	Sections III and IV of Medical Practice Management Agreement	Subject to negotiations to coincide with Clinic Franchise Agreement.
<b>(d) Termination by you</b>	Section 16.1 of Clinic Franchise Agreement	If we breach the agreement and do not cure the breach after 60-days notice from you, you may terminate 60 days after you provide us with written notice of termination.
	Section 5.5 of Practice Management Agreement	If you and the Clinic cannot structure the relationship to comply with the law. Otherwise subject to negotiations.
<b>(e) Termination by us without cause (1)</b>	None	None
<b>(f) Termination by us with cause (1)</b>	Section 16.2 of Clinic Franchise Agreement; Section 9 of Area	We can terminate only if you commit one or more of several violations.

<b>ITEM 17</b>		
<b>FRANCHISE RELATIONSHIP</b>		
<b>Unit Franchise, Area Development and Practice Management Program</b>		
<b>Provisions</b>	<b>Section in Agreement</b>	<b>Summary</b>
	Development Agreement	
	Section 5.6 of Practice Management Agreement	If you and the Clinic cannot structure the relationship to comply with the law. Otherwise subject to negotiations.
<b>(g) “Cause” defined - defaults which can be cured</b>	Sections 16.2 and 16.3 of Clinic Franchise Agreement	You have 5 days to cure health, safety or sanitation law violations, 10 days to cure monetary defaults to us or approved suppliers, 30 days to cure noncompliance with any provision other than Section 16.2 of the Franchise Agreement or the System Standards.
	Section 9 of Area Development Agreement	You have 10 days to cure monetary defaults; 30 days to have vacated an attachment, seizure, writ, warrant or levy of the Business or any order appointing a receiver, trustee or liquidator of you or the Business; and 30 days to cure noncompliance with provisions other than Section 9 of the Development Agreement.
	Sections 1.1 and 5.6 of Practice Management Agreement	If the Practice causes the Clinic to break the Clinic Franchise Agreement.
<b>(h) “Cause” defined - non-curable defaults</b>	Section 16.2 of Clinic Franchise Agreement	Non-curable defaults include material misrepresentation or omission, failure to complete training, failure to commence construction of the MEDI-WEIGHTLOSS CLINICS® Business within 2 months of the Agreement Date or failure to open the MEDI-WEIGHTLOSS CLINICS® Business within 3 months of the Agreement Date (unless an extension is granted), abandonment, unapproved transfers, conviction of or a plea of no contest to, a felony or other serious crime, dishonest or unethical conduct, unauthorized assignment of the Clinic Franchise Agreement or of an ownership interest in you or the Business, loss of the Site, unauthorized use or disclosure of the Manual or confidential information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due.
	Section 9 of Area Development Agreement	Failure to meet development obligations or pay any Extension Fee; any unauthorized assignment or transfer of the Development Agreement or ownership interest in you or in your or an affiliate's Business or Clinic Franchise Agreement; any material misrepresentation or omission; any unauthorized use of the Marks or Confidential Information; failure to perform any lease or sublease; failure to commence construction of your first Business within 2 months; failure to enter into a Clinic Franchise

<b>ITEM 17</b>		
<b>FRANCHISE RELATIONSHIP</b>		
<b>Unit Franchise, Area Development and Practice Management Program</b>		
<b>Provisions</b>	<b>Section in Agreement</b>	<b>Summary</b>
		Agreement within 30 days after obtaining a Site; assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due; engaging in dishonest or unethical conduct which may adversely affect the reputation or goodwill of Businesses associated with the Marks; conviction, or plea of no contest to, a felony; dishonest or unethical conduct; repeated defaults (even if cured); or termination of a Clinic Franchise Agreement.
	Sections 1.1 and 5.6 of Practice Management Agreement	If the Practice causes the Clinic to break the Clinic Franchise Agreement.
<b>(i) Your obligations on termination/ non-renewal</b>	Section 17 of Clinic Franchise Agreement; Lease Assignment; Conditional Assignment (2)	Obligations include payment of outstanding amounts, complete de-identification and return of confidential information (also see (r) below).
	Section 10 of Area Development Agreement	Obligations include ceasing your development activities and complete de-identification except with respect to Businesses you are then operating under Clinic Franchise Agreements with us (also see (r) below).
	Section 12 of Practice Management Agreement	Obligations include ceasing your Practice's weightloss business.
<b>(j) Assignment of contract by us</b>	Section 15.1 of Clinic Franchise Agreement; Section 11.1 of Area Development Agreement	No restriction on our right to assign.
<b>(k) "Transfer" by you-definition</b>	Section 15.2 of Clinic Franchise Agreement	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Clinic Franchise Agreement, you or the Business.
	Section 11.2 of Area Development Agreement	Voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Development Agreement, you or any of the Clinic Franchise Agreements.
	Section 10.2 of Practice Management Agreement	Voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the MPMA or you.
<b>(l) Our approval of transfer by you</b>	Section 15.2, 15.3 and 15.4 of Clinic Franchise Agreement; Sections 11.2 and 11.3 of Area Development Agreement; Sections 10.2 and 10.3 of Practice Management Agreement	We have the right to approve all transfers, even to a Business Entity controlled by you.
<b>(m) Conditions for our approval of transfer</b>	Section 15.3 of Clinic Franchise Agreement	New franchisee qualifies, you pay us all amounts due, transferee and its managerial employees agree to complete training, transferee agrees to be

**ITEM 17**  
**FRANCHISE RELATIONSHIP**  
**Unit Franchise, Area Development and Practice Management Program**

Provisions	Section in Agreement	Summary
		bound by terms and conditions of Clinic Franchise Agreement, transfer fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require - including general releases in the form provided in Exhibit "I" (also see r below).
	Section 11.5 of Area Development Agreement	You are in good standing, new Area Developer qualifies, you transfer all of the Businesses you have developed under the Development Agreement, you pay us all amounts due, transferee and its personnel agree to complete training, transferee assumes your agreement, you sign a release, we approve material terms and conditions, you subordinate amounts due to you, all Clinic Franchise Agreements are transferred to the new Area Developer and the transfer fee is paid (also see (r) below).
	Section 10.5 of Practice Management Agreement	Transferee demonstrates it can comply with the Clinic Franchise Agreement and MPMA.
<b>(n) Our right of first refusal to acquire your business</b>	Section 15.8 of Clinic Franchise Agreement	We can match any offer for an ownership interest in you, your Clinic Franchise Agreement or your Business provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to prepare for closing and we receive all customary representations and warranties, as we specify.
	Section 11.6 of Area Development Agreement	We can match any offer for your business or an ownership interest in you provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 90 days to prepare for closing and we receive all customary representations and warranties given by the seller of the assets, or capital stock, of a business.
<b>(o) Our option to purchase your business</b>	Section 17.7 of Clinic Franchise Agreement	We have the option to buy the Business, including leasehold rights to the Site, at fair market value after our termination, or your termination without cause, of the agreement (but not expiration).
<b>(p) Your death or disability</b>	Sections 15.5 and 15.6 of Clinic Franchise Agreement	Franchise or an ownership interest in you must be assigned to an approved buyer within 6 months and must be run by a trained manager during the period prior to the assignment. Assignment is subject to our right of first refusal.

<b>ITEM 17</b>		
<b>FRANCHISE RELATIONSHIP</b>		
<b>Unit Franchise, Area Development and Practice Management Program</b>		
<b>Provisions</b>	<b>Section in Agreement</b>	<b>Summary</b>
	Section 11.7 of Area Development Agreement	Development Agreement or an ownership interest in you must be assigned to an approved buyer within 6 months, subject to our right of first refusal.
<b>(q) Non-competition covenants during the term of the franchise</b>	Section 10 of Clinic Franchise Agreement	No interest in a competitive business, no controlling ownership interest in, or performance of services for, a competitive business anywhere, no recruiting or hiring of any person who is our employee or an employee of any MEDI-WEIGHTLOSS CLINICS® Business. A "competitive business" is any business or facility owning, operating, managing or granting franchises or licenses to others to do so, any business that provides, markets or sells health, nutritional, wellness weightloss or weight management products or services, Practice Management Services, other services or any Product or Services that is the same or similar to those offered by MEDI-WEIGHTLOSS CLINICS® Businesses.)
	Section 7.3 of Area Development Agreement	No engaging in or performing services for a Competitive Business anywhere; no interest in a Competitive Business except under Clinic Franchise Agreements with us; no interest in any entity granted or granting franchises or licenses to operate any Competitive Business; no recruiting or hiring of any of our employees or those of our affiliates or our franchisees without prior written consent; no soliciting, diverting, taking away or interfering with any of the business, customers, clients, contractors, referral sources, trade patronage of ours, our affiliates or our franchisees.
	Sections 12.3 and 12.4 of Practice Management Agreement	No engaging in or performing services for a Competitive Business anywhere; no interest in a Competitive Business except under Clinic Franchise Agreements or MPMA's with us; no interest in any entity granted or granting franchises or licenses to operate any Competitive Business; no recruiting or hiring of any of our employees or those of our affiliates or our franchisees without prior written consent; no soliciting, diverting, taking away or interfering with any of the business, customers, clients, contractors, referral sources, trade patronage of ours, our affiliates or our franchisees.
<b>(r) Non-competition covenants after the franchise is terminated or</b>	Section 17.6 of Clinic Franchise Agreement	No interest in competing business for 2 years at, or within 25 miles of, the Site or within 25 miles of any other MEDI-WEIGHTLOSS CLINICS® Business or its, or your, Market Area in operation

**ITEM 17**  
**FRANCHISE RELATIONSHIP**  
**Unit Franchise, Area Development and Practice Management Program**

Provisions	Section in Agreement	Summary
<b>expires</b>		or under construction (same restrictions apply after assignment).
	Section 10.2 of Area Development Agreement	No interest in competing business for 2 years at or within the Development Area; within the Development Area of any other Development Business within 25 miles of any Site or any other MEDI-WEIGHTLOSS CLINICS® Business or its, or your, Market Area in operation or development (same restrictions apply after assignment).
	Section 12.4 of Practice Management Agreement	No interest in competing business for 2 years at or within the Protected Area; within the Protected Area of any other MEDI-WEIGHTLOSS CLINICS® Businesses within 25 miles of any Site or any other MEDI-WEIGHTLOSS CLINICS® Business or its, or your, Market Area in operation or development (same restrictions apply after assignment). Physician Liquidated Damages also apply. See previous tables.
<b>(s) Modification of the agreement</b>	Section 20 .13 of Clinic Franchise Agreement; Section 13.13 of Area Development Agreement; Sections 15.1, 15.2 and 15.13 of Practice Management Agreement	No modifications except by written agreement, but Manuals and System Standards are subject to change.
<b>(t) Integration/merger clause</b>	Section 20.13 of Clinic Franchise Agreement	Only the terms of the Clinic Franchise Agreement (including the Manual, System Standards, addenda and exhibits) are binding (subject to state law). Any other statements or promises not in the Clinic Franchise Agreement, the agreements which are exhibits to this disclosure document, or in this Disclosure Document should not be relied upon and may not be enforceable.
	Section 13.13 of Area Development Agreement	Only the terms of the Development Agreement (including any addenda and exhibits) are binding (subject to state law). Any other promises may not be enforceable; except that you are entitled to rely on the statements, promises and representations we make in this Disclosure Document.
	Section 15.13 of Practice Management Agreement	No oral agreements or changes. But you may rely on the Disclosure Document discussions on payment.
<b>(u) Dispute resolution by arbitration or mediation</b>		Mediation or arbitration not required under the Clinic Franchise Agreement.
<b>(v) Choice of forum</b>	Section 20.8 of Clinic Franchise Agreement; Section 13.8 of Area	Litigation in Hillsborough County, Florida (*subject to state law).



<b>ITEM 17</b>		
<b>FRANCHISE RELATIONSHIP</b>		
<b>Unit Franchise, Area Development and Practice Management Program</b>		
<b>Provisions</b>	<b>Section in Agreement</b>	<b>Summary</b>
	Development Agreement	
<b>(w) Choice of law</b>	Section 20.7 of Clinic Franchise Agreement; Section 13.7 of Area Development Agreement	Florida law applies (*subject to state law).

<sup>1</sup> See Item 5.

<sup>2</sup> The Conditional Assignment of Telephone Numbers and Listings (the “Conditional Assignment”) is attached as an Exhibit to the Clinic Franchise Agreement. The Conditional Assignment requires you to transfer the phone number and listings for your Business to us if the Clinic Franchise Agreement terminates or expires.

A provision in your Clinic Franchise Agreement that terminates the franchise on your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

If any termination or expiration of the term of the franchise would violate applicable law, we may reinstate or extend the term for the purpose of complying with that law.

In addition to the provisions noted in the Chart above, the Clinic Franchise Agreement contains a number of provisions that may affect your legal rights, including waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. We recommend you carefully review all of these provisions, and each of the agreements attached to this disclosure document in their entirety. We also recommend you consult with a lawyer regarding your legal rights and obligations. See Exhibit P for State Specific Addenda and Exhibits.

See any state-specific riders or addenda attached to this Circular.

## **ITEM 18**

### **PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC 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.

The following table illustrates the Actual Revenues of six (6) Licensed Businesses for the year 2007 that were open for a full twelve (12) months in 2007 and the 20 MEDI-WEIGHTLOSS CLINICS®

Businesses that were open for a full 12 months in 2008 (of which 18 were Licensed Businesses and 2 were franchised). See our description of Licensed Businesses in Item 1. There were no Licensed Businesses which were in operation for a full twelve (12) months 2006 or 2005. Two (2) of the franchised MEDI-WEIGHTLOSS CLINICS® Businesses that are represented in this Item 19 converted from Licensed Businesses.

The first table, below, shows the combined data for two categories of MEDI-WEIGHTLOSS CLINICS® Businesses: “Cold Start” and “Patient Based”. We consider a “Cold Start” type MEDI-WEIGHTLOSS CLINICS® Business to be either a Licensed Business or franchised MEDI-WEIGHTLOSS CLINICS® Business which is created completely anew. In contrast, a “Patient Based” type MEDI-WEIGHTLOSS CLINICS® Business in this Item 19 includes those Licensed Businesses and franchised MEDI-WEIGHTLOSS CLINICS® Businesses which are created where one or more of its/their owners already have existing medical practice or other business which provides an existing “patient base”.

The second table, below, shows data for only those businesses whose data is provided in this Item 19 which we consider to be “Patient Based” type MEDI-WEIGHTLOSS CLINICS® Businesses.

The third table, below, shows data for only those businesses whose data is provided in this Item 19 which we consider to be “Cold Start” type MEDI-WEIGHTLOSS CLINICS® Businesses.

<b>COMBINED PATIENT BASE AND COLD START</b>								
<b>Clinic Name*</b>	<b>State</b>	<b>Date Opened</b>	<b>FY 2007</b>			<b>FY 2008</b>		
			<b>Days Open</b>	<b>Total Revenue</b>	<b>Revenue Per Day</b>	<b>Days Open</b>	<b>Total Revenue</b>	<b>Revenue Per Day</b>
Tampa	FL	3/06	164	\$491,669.00	\$2,997.98	198	\$691,170.67	\$3,491.00
Clearwater	FL	4/06	194	\$845,741.00	\$4,359.50	247	\$488,405.00	\$1,997.00
Lutz	FL	5/06	213	\$762,055.00	\$3,577.72	212	\$816,995.20	\$3,854.00
Fort Myers**	FL	11/06	264	\$975,010.15	\$3,693.22	261	\$2,753,399.85	\$10,549.00
Pensacola	FL	12/06	228	\$756,844.00	\$3,319.49	225	\$1,203,423.82	\$5,349.00
Brandon	FL	12/06	178	\$619,329.00	\$3,479.38	215	\$797,891.09	\$3,711.00
Woburn	MA	4/07				258	\$388,952.40	\$1,508.00
St. Petersburg	FL	5/07				228	\$353,970.00	\$1,553.00
Los Gatos	CA	7/07				237	\$299,855.52	\$1,265.00
Jupiter	FL	9/07				254	\$499,020.55	\$1,965.00
Andover	KS	9/07				256	\$825,703.73	\$3,225.00
Glendale	AZ	10/07				234	\$254,065.47	\$1,086.00
Scottsdale	AZ	10/07				267	\$385,737.10	\$1,445.00
Boca Raton	FL	10/07				238	\$396,566.80	\$1,666.00
Surprise	AZ	10/07				253	\$501,293.34	\$1,981.00
Trinity	FL	10/07				256	\$436,071.10	\$1,703.00
Gainesville	FL	11/07				248	\$704,128.60	\$2,839.00
N. Phoenix**	AZ	11/07				145	\$228,412.00	\$1,575.00
Northlake	NC	11/07				205	\$374,299.15	\$1,826.00
Ballantyne	NC	12/07				233	\$599,940.60	\$2,575.00
<b>Total/Average</b>			207	\$741,774.68	\$3,583.45	234	\$649,965.05	\$2,777.63

<b>PATIENT BASE</b>								
<b>Clinic Name*</b>	<b>State</b>	<b>Date Opened</b>	<b>FY 2007</b>			<b>FY 2008</b>		
			<b>Days Open</b>	<b>Total Revenue</b>	<b>Revenue Per Day</b>	<b>Days Open</b>	<b>Total Revenue</b>	<b>Revenue Per Day</b>
Clearwater	FL	4/06	194	\$845,741.00	\$4,359.50	247	\$488,405.00	\$1,997.00
Ft. Myers**	FL	11/06	264	\$975,010.15	\$3,693.22	261	\$2,753,399.85	\$10,549.00

PATIENT BASE								
Clinic Name*	State	Date Opened	FY 2007			FY 2008		
			Days Open	Total Revenue	Revenue Per Day	Days Open	Total Revenue	Revenue Per Day
Pensacola	FL	12/06	228	\$756,844.00	\$3,319.49	225	\$1,203,423.82	\$ 5,349.00
Los Gatos	CA	7/07				237	\$299,855.52	\$1,265.00
Andover	KS	9/07				256	\$825,703.73	\$3,225.00
Jupiter	FL	9/07				254	\$499,020.55	\$1,965.00
Gainesville	FL	11/07				248	\$704,128.60	\$2,839.00
<b>Total/Average</b>			229	\$859,198.36	\$3,751.96	247	\$967,705.28	\$3,917.84

COLD START								
Clinic Name*	State	Date Opened	FY 2007			FY 2008		
			Days Open	Total Revenue	Revenue Per Day	Days Open	Total Revenue	Revenue Per Day
Tampa	FL	3/06	164	\$491,669.00	\$2,997.98	198	\$691,170.67	\$3,491.00
Lutz	FL	5/06	213	\$762,055.00	\$3,577.72	212	\$816,995.20	\$3,854.00
Brandon	FL	12/06	178	\$619,329.00	\$3,479.38	215	\$797,891.09	\$3,711.00
Woburn	MA	4/07				258	\$388,952.40	\$1,508.00
St. Petersburg	FL	5/07				228	\$353,970.00	\$1,553.00
Glendale	AZ	10/07				234	\$254,065.47	\$1,086.00
Scottsdale	AZ	10/07				267	\$385,737.10	\$1,445.00
Boca Raton	FL	10/07				238	\$396,566.80	\$1,666.00
Surprise	AZ	10/07				253	\$501,293.34	\$1,981.00
Trinity	FL	10/07				256	\$436,071.10	\$1,703.00
Northlake	NC	11/07				205	\$374,299.15	\$1,826.00
North Phoenix**	AZ	11/07				145	\$228,412.00	\$1,575.00
Ballantyne	NC	12/07				233	\$599,940.60	\$2,575.00
<b>Total/Average</b>			185	\$624,351.00	\$3,374.87	226	\$478,874.22	\$2,118.91

\* See Exhibit "M".

\*\* Converted from Licensed Businesses to franchised MEDI-WEIGHTLOSS CLINICS® Businesses.

Actual Revenues as described in this Item 19 are not the same as "Gross Sales" or "Adjusted Gross Sales" as described in the Clinic Franchise Agreement. Actual Revenues are all revenues received by these businesses. All of these Licensed Businesses in the table for 2007 were operated by and owned by Physicians in relationships with PHM, and or MWLC so they did not use the separate Practice and Clinic Structure that is described in Item 1 of this Disclosure Document.

See Item 1 regarding a description of the ownership structure of the Licensed Businesses.

We did not include information relating to 0 franchised MEDI-WEIGHTLOSS CLINICS® Business and 13 other Licensed Business locations that were open during 2007 because they were not in operation for a full twelve months during those periods (i.e., there was limited duration of operating histories for those businesses).

We did not include information relating to 25 other franchised MEDI-WEIGHTLOSS CLINICS® Business and 11 other Licensed Business locations that were open during 2008 because they were not in operation for a full twelve months during those periods (i.e., there was limited duration of operating histories for those businesses). See Item 20 of this Disclosure Document.

During the calendar year ending December 31, 2007, there were no franchised MEDI-WEIGHTLOSS CLINICS® Businesses. During the calendar year ending December 31, 2008, there were 27 franchised MEDI-WEIGHTLOSS CLINICS® Businesses, of which 9 converted from Licensed Businesses to franchises. See Item 20 of this Disclosure Document.

For the period 2006, there were zero (0) Licensed Businesses in operation for a full twelve month period included in the data. Of the 6 Licensed Businesses whose financial performance information was used in this financial performance representation for the average Actual Revenues for 2007, 4 or 66.6% of them attained or surpassed the stated result for the average Actual Revenues. Of the combined 18 Licensed Businesses and two (2) franchised MEDI-WEIGHTLOSS CLINICS® Businesses, whose financial performance information was used in this Financial Performance Representation for the average Actual Revenues for 2008, seven (7) or 35% of them attained or surpassed the stated result for the average Actual Revenues.

All of the Licensed Businesses whose data is included in this financial performance representation for 2007 are located in Florida. Of the 20 MEDI-WEIGHTLOSS CLINICS® Businesses reported in this Item 19 for 2008, 8 of the Licensed Businesses and 1 of the franchised MEDI-WEIGHTLOSS CLINICS® Businesses were located outside of Florida.

***See Item 1 of this Disclosure Document and Exhibit "M" for a list of our affiliate's Licensed Businesses.***

**THIS STATEMENT DOES NOT REFLECT ANY OR ALL EXPENSES OF THE MEDI-WEIGHTLOSS CLINICS® BUSINESS AS LISTED OR ANY OR ALL EXPENSES THAT YOU WOULD INCUR IN OPERATING A FRANCHISED BUSINESS. SOME EXPENSES THAT MAY NOT HAVE BEEN INCURRED BY THESE LICENSED BUSINESSES ARE NOT REFLECTED IN THIS STATEMENT, BUT THAT YOU WILL INCUR AND SHOULD TAKE INTO CONSIDERATION ARE THE FOLLOWING:**

- (a) Franchise payments, including Monthly Fee, License Fee, System Branding Fees, and the like.
- (b) Initial costs of training like Opening Team fees and training expenses.
- (c) Financing costs (in addition to occupancy expense).
- (d) Accounting, legal, credit card charges and other unspecified costs of managing the business, which may include management fees and/or salary for the Franchisee. (This statement includes the salary of a general manager.)
- (e) Income taxes.

SUCH EXPENSES WILL AFFECT THE NET INCOME AND CASH FLOW OF A MEDI-WEIGHTLOSS CLINICS® BUSINESS. YOU SHOULD CONSIDER THEM AND EVALUATE THEIR IMPACT. THE ACTUAL PERFORMANCE OF YOUR BUSINESS WILL DEPEND ON A NUMBER OF FACTORS SPECIFIC TO IT, INCLUDING ITS EXPENSES FOR THE FOREGOING ITEMS.

COSTS THAT YOU MAY HAVE THAT OUR PREDECESSORS AND AFFILIATES DO/DID NOT HAVE INCLUDE: YOUR COST TO ACQUIRE EQUIPMENT AND SUPPLIES, OFFICE

EQUIPMENT, YOUR COMPUTER HARDWARE AND SOFTWARE, AND MISCELLANEOUS OFFICE AND ADMINISTRATIVE EXPENSE THAT WE AND OUR AFFILIATES WERE OR ARE ABLE TO SHARE. YOU WILL ALSO HAVE YOUR INITIAL FRANCHISE FEES, MONTHLY FEES AND OTHER FEES (LIKE ADDITIONAL TRAINING FEES AND SYSTEM DEVELOPMENT FUND FEES) THAT WE MAY NOT CHARGE OR WERE NOT CHARGED TO OUR AFFILIATES.

YOUR ACTUAL REVENUES MAY DIFFER FROM THE DATA PRESENTED ABOVE DUE TO A VARIETY OF FACTORS, SUCH AS REGIONAL MARKET VARIATIONS, THE DEMOGRAPHICS OF AN AREA, LIFESTYLES OF CUSTOMERS IN THE MARKET AREA, LOCATION OF YOUR BUSINESS AND OTHER MARKET CHARACTERISTICS AS WELL AS YOUR BUSINESS ABILITIES AND EFFORTS. YOU SHOULD CONSULT OTHER SOURCES AND YOUR FINANCIAL ADVISORS IN ORDER TO OBTAIN ADDITIONAL INFORMATION NECESSARY TO DEVELOP ESTIMATES OF FRANCHISE BUSINESS COST, EXPENSES, EARNINGS, AND PROFITS.

THESE SALES, PROFITS OR EARNINGS ARE BASED ON EXISTING OPERATING LICENSED BUSINESSES AND SHOULD NOT BE CONSIDERED AS THE ACTUAL OR POTENTIAL SALES, PROFITS OR EARNINGS THAT YOU WILL REALIZE. WE DO NOT REPRESENT THAT YOU CAN EXPECT TO ATTAIN THESE SALES, PROFITS OR EARNINGS.

THE DATA PRESENTED FOR 2007 INVOLVES 6 BUSINESSES WITH OPERATING HISTORIES OF 3 YEARS OR LESS, RESPECTIVELY. A SHORT OPERATING HISTORY MAY NOT BE A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

THE DATA PRESENTED FOR 2008 INVOLVES 20 BUSINESSES WITH OPERATING HISTORIES OF 3 YEARS OR LESS, RESPECTIVELY. A SHORT OPERATING HISTORY MAY NOT BE A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

SUBSTANTIATION OF THE DATA USED IN PREPARING THIS FINANCIAL PERFORMANCE REPRESENTATION WILL BE MADE AVAILABLE TO YOU ON REASONABLE REQUEST.

THESE FINANCIAL RESULTS ARE PRESENTED BY MANAGEMENT; THEY HAVE NOT BEEN AUDITED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.

Characteristics of the included Licensed Businesses may differ substantially from your MEDI-WEIGHTLOSS CLINICS® Business depending on your previous experience, competition in your area, length of time that the included Licensed Businesses have operated as compared to your MEDI-WEIGHTLOSS CLINICS® Business, and the services or goods sold at your MEDI-WEIGHTLOSS CLINICS® Business as compared to the included Licensed Businesses. **Your individual financial results may differ substantially from the results stated in this financial performance representation.**

EXCEPT AS OTHERWISE PROVIDED IN THIS ITEM 19, THE PRESENTATION OF INFORMATION REGARDING EARNINGS CAPABILITY IN CONNECTION WITH THIS FRANCHISE OFFERING IS ABSOLUTELY PROHIBITED. Any representations to the contrary and any projections or predictions, written or oral, direct or indirect, as to the amount of attainment of any potential sales, costs, and expenses, profits or earnings which may arise from the operation of the Franchise, if given or made, MUST NOT BE RELIED UPON as having been authorized by us for use in connection with the sale of this Franchise.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**Systemwide Outlet Summary**  
**For Years 2006 to 2008**

**UNIT MEDI-WEIGHTLOSS CLINICS® BUSINESS FRANCHISES**

ITEM 20 Table No. 1 UNIT MEDI-WEIGHTLOSS CLINICS® BUSINESS FRANCHISES				
Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2006	0	0	0
	2007	0	0	0
	2008	0	27	27
Company-Owned*	2006	0	0	0
	2007	0	0	0
	2008	0	0	0
Total Outlets	2006	0	0	0
	2007	0	0	0
	2008	0	27	27

\* See Item 1 of the Disclosure Document. Does not include Licensed Businesses or Exclusive Sales Representative Businesses.

**Table No. 1**  
**Systemwide Outlet Summary**  
**For Years 2006 to 2008**

**LICENSED BUSINESSES**

ITEM 20 Table No. 1 LICENSED BUSINESSES				
Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Licensed 3 <sup>rd</sup> Party Owned	2006	0	0	0
	2007	0	16	16+
	2008	16	21	5+
Licensed Company- Owned*	2006	1	8	7+
	2007	8	5**	-4
	2008	5	5	0
Total Outlets	2006	1	8	7+
	2007	8	22	14+
	2008	22	27	5+

\* See Item 1 of the Disclosure Document. The table above does not include franchises offered by us. Company Owned in the table above means that MWLC or PHA has an ownership interest in the Licensed Business.

\*\* 3 Ownership transfers to non-company-owned co-owner and one ceased operations due to a move.

**Table No. 2**  
**Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)**  
**For Years 2005 to 2007**

**UNIT FRANCHISES**

ITEM 20 Table No. 2 UNIT FRANCHISES		
Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2006	0
	2007	0
	2008	0
<b>Total</b>	2006	0
	2007	0
	2008	0

**Table No. 2**  
**Transfers of Outlets From Licensed Business owners to New Owners (Other than the Franchisor or MWLC or PHM)**  
**For Years 2006 to 2008**

**LICENSED BUSINESSES**

ITEM 20 Table No. 2 LICENSED BUSINESSES		
Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	2006	0
	2007	0
	2008	3
Florida	2006	0
	2007	3
	2008	0
<b>Total</b>	2006	0
	2007	3
	2008	3

See Item 1 of this Disclosure Document.

**Table No. 3  
Status of Franchised Outlets  
For Years 2006 to 2008 \***

**UNIT FRANCHISES**

ITEM 20 Table No. 3 UNIT FRANCHISES**								
Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
<b>Alabama</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	2	0	0	0	0	2
<b>Arizona</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	4	0	0	0	0	4
<b>Florida</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	12	0	0	0	1*	11
<b>Nevada</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
<b>New Jersey</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
<b>New York</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
<b>North Carolina</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
<b>Rhode Island</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	3	0	0	0	0	3
<b>Tennessee</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
<b>Texas</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	2	0	0	0	0	2
<b>Total</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	28	0	0	0	1*	27

\* 1 outlet ceased operations and franchise is changing locations.

\*\*The Table above does not include Exclusive Sales Representative Business licenses or Licensed Businesses.

\* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.



**Table No. 3  
Status of Franchised (Licensed) Outlets  
For Years 2006 to 2008 \***

**LICENSED BUSINESSES**

ITEM 20 Table No. 3 LICENSED BUSINESSES								
Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
<b>Alabama</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
<b>Arizona</b>	2006	0	0	0	0	0	0	0
	2007	0	4	0	0	0	0	4
	2008	4	3	0	0	0	3**	4
<b>California</b>	2006	0	0	0	0	0	0	0
	2007	0	1	0	0	0	0	1
	2008	1	1	0	0	0	0	2
<b>Delaware</b>	2006	0	0	0	0	0	0	0
	2007	0	1	0	0	0	0	1
	2008	1	0	1	0	0	0	0
<b>Florida</b>	2006	1	7	0	0	0	0	8
	2007	8	5	0	0	0	2*	11
	2008	11	4	0	0	0	3**	12
<b>Kansas</b>	2006	0	0	0	0	0	0	0
	2007	0	1	0	0	0	0	1
	2008	1	0	0	0	0	0	1
<b>Massachusetts</b>	2006	0	0	0	0	0	0	0
	2007	0	1	0	0	0	0	1
	2008	1	4	0	0	0	0	5
<b>North Carolina</b>	2006	0	0	0	0	0	0	0
	2007	0	2	0	0	0	0	2
	2008	2	0	0	0	0	0	2
<b>New Jersey</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	1**	0
<b>Oregon</b>	2006	0	0	0	0	0	0	0
	2007	0	1	0	0	0	0	1
	2008	1	0	1	0	0	0	0
<b>Rhode Island</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	1	0	0	0	0	1**	0

\* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time. The Licensed Business in Florida that has ceased operations for other reasons is temporarily closed while its owner completes its efforts to move it to another location.

ITEM 20 Table No. 3 LICENSED BUSINESSES								
Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Tennessee	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	1	0	0	0	0	1**	0
Total	2006	1	7	0	0	0	0	8
	2007	8	16	0	0	0	2	22
	2008	22	16	2	0	0	9	27

\*\*Converted to Unit Franchises, Franchise owned.

**Table No. 4  
Status of Company-Owned Outlets  
For Years 2006 to 2008 \***

**MEDI-WEIGHTLOSS CLINICS® BUSINESS FRANCHISES**

ITEM 20 Table No. 4 MEDI-WEIGHTLOSS CLINICS® BUSINESS FRANCHISES								
Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Alabama	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
Florida	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
Nevada	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
New York	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
Rhode Island	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
Texas	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0

\* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

ITEM 20 Table No. 4 MEDI-WEIGHTLOSS CLINICS® BUSINESS FRANCHISES								
Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
<b>Total</b>	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0

\* The table above does not include Licensed Businesses or Exclusive Sales Representative Businesses. See Item 1.

**Table No. 4  
Status of Company-Owned Outlets  
For Years 2006 to 2008 \***

**LICENSED BUSINESSES**

ITEM 20 Table No. 4 LICENSED BUSINESSES								
Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
<b>Florida</b>	2006	1	7	0	0	0	0	8
	2007	8	0	0	0	0	4**	4
	2008	4	0	0	0	0	0	4
<b>Total</b>	2006	1	7	0	0	0	0	8
	2007	8	1	0	0	0	4**	5
	2008	5	0	0	0	0	0	5

\*\* Ownership transferred to non-company-owned co-owner.

**Table No. 5**  
**MEDI-WEIGHTLOSS CLINICS® BUSINESS FRANCHISES**

**Projected Openings as of December 31, 2008**

<b>ITEM 20</b>			
<b>Table No. 5</b>			
<b>MEDI-WEIGHTLOSS CLINICS® BUSINESS FRANCHISES</b>			
<b>Column 1</b> <b>State</b>	<b>Column 2</b> <b>Agreements Signed But</b> <b>Outlet Not Opened</b>	<b>Column 3</b> <b>Projected New Outlets in</b> <b>the Next Fiscal Year</b>	<b>Column 4</b> <b>Projected New</b> <b>Company-owned Outlets</b> <b>in the Current Fiscal</b> <b>Year</b>
<b>Alabama</b>	0	3	0
<b>Connecticut</b>	0	2	0
<b>Florida</b>	1	3	0
<b>Georgia</b>	0	2	0
<b>Illinois</b>	0	1	0
<b>Massachusetts</b>	1	1	0
<b>New Jersey</b>	1	0	0
<b>New York</b>	0	1	0
<b>North Carolina</b>	0	1	0
<b>Pennsylvania</b>	0	1	0
<b>Rhode Island</b>	1	0	1
<b>South Carolina</b>	0	2	0
<b>Tennessee</b>	0	2	0
<b>Texas</b>	1	1	2
<b>Virginia</b>	0	1	0
<b>Total</b>	5	21	3

Exhibit M lists the names of all current MEDI-WEIGHTLOSS CLINICS® Business franchises and the addresses and telephone numbers of their outlets as of December 31, 2008. Exhibit M also lists the names of all current Area Developers and the address and telephone numbers of their Area Development Businesses as of December 31, 2008. Exhibit M also lists the names, addresses and phone numbers of MEDI-WEIGHTLOSS CLINICS® Business franchisees and Area Development Businesses and Area Representative Businesses who have signed Franchise or Area Development Agreements or Area Representative Agreements with us but who have not opened their franchises for business as of December 31, 2008. Our Company Owned Outlets are also listed in Exhibit M.

Exhibit N lists the city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every unit franchisee, Area Developer and Area Representative who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Clinic Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit M lists the names of all current Licensed Business owners and the addresses and telephone numbers of their outlets as of December 31, 2008. Exhibit M lists the names of all current Exclusive Sales Representatives and the address and telephone numbers of their Exclusive Sales Representative Businesses as of December 31, 2008. Exhibit M also lists the Licensed Businesses and Exclusive Sales

Representative businesses who have signed agreements with our affiliates but who have not opened their Licensed Businesses or Exclusive Sales Representative Businesses for business as of December 31, 2008. Our affiliate owned/Company Owned Outlets that are Licensed Businesses or Exclusive Sales Representatives also listed in Exhibit M.

Exhibit N lists the city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every Licensed Business and Exclusive Sales Representative Business who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their agreements with our affiliates during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

During the last three fiscal years, we have not signed confidentiality clauses with current or former franchisees. We, MWLC and PHM have entered into a settlement agreement with Medi Weightloss Clinics of Arizona, LLC, as well as the owners and operators of our Peoria and Glendale Licensed Businesses that restricts their ability to discuss the terms of the business with you or the terms of the settlement. Our affiliates MWLC and PHM have signed a confidentiality clause with William L. Blackshear and Medi-Weightloss Clinics, Pinellas, LLC that restricts this former Licensed Business' ability to discuss the franchise with you or the terms of its settlement with our affiliates. But, a confidentiality agreement may be entered into as a part of a settlement of a dispute between us and the current or former franchisee. In some instances, current and former franchisees sign or will be asked to sign provisions restricting their ability to speak openly about their experience with MEDI-WEIGHTLOSS CLINICS® Businesses, Area Representative Business or Area Development Business. 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.

Exhibit M lists, to the extent known, the names, addresses, telephone numbers, e-mail address and Web address of each trademark-specified franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed. Currently there are none.

Exhibit M lists the independent franchisee organizations that have asked to be included in this disclosure document. Currently there are none.

## **ITEM 21** **FINANCIAL STATEMENTS**

Our audited financial statements as of our inception January 25, 2008 and unaudited financial statements as of December 31, 2008 are attached as Exhibit "A" to this Disclosure Document. We do not have any Parent or Affiliates who guarantees our performance. Our fiscal year ends December 31.

## **ITEM 22** **CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included as exhibits to this Disclaimer Document. These include:

Exhibit B	Form of Deposit Agreement
Exhibit C	Form of Clinic Franchise Agreement and Related Materials (Exhibits)
Exhibit D	Form of Area Development Agreement
Exhibit E	Form of Conversion Addendum

Exhibit F	Form of NCP Addendum
Exhibit G	Form of Principal Owners' Statement
Exhibit H	Form of Principal Owners' Guaranty
Exhibit I	Forms of General Release – Renewal or Assignment
Exhibit J	Form of Medical Practice Management Agreement
Exhibit K	Form of Business Associate Agreement
Exhibit L	Form of Electronic Funds Transfer/Automatic Transfer Agreement
Exhibit P	State Specific Addenda and Exhibits
Exhibit Q	Form Franchise Compliance Certification
Exhibit S	Receipts

**ITEM 23**  
**RECEIPTS**

You will find copies of a detachable receipt in Exhibit “S” at the very end of this disclosure document.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

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**FINANCIAL STATEMENTS**

**OF**

**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**

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**ONLY THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 ARE  
UNAUDITED**

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MEDI-WEIGHTLOSS FRANCHISING USA, LLC  
BALANCE SHEET  
AS OF JANUARY 30, 2008

MEDI-WEIGHTLOSS FRANCHISING USA, LLC  
BALANCE SHEET  
AS OF JANUARY 30, 2008

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**CARL B. BINDMAN, CPA, P.C.**

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ANDOVER, MASSACHUSETTS 01810

OFFICE (978) 470-2027  
FAX (978) 470-2444


INDEPENDENT AUDITOR'S REPORT

To the Members  
Medi-Weightloss Franchising USA, LLC  
777 South Harbour Island Blvd.  
Tampa, FL 33602

We have audited the accompanying balance sheet of Medi-Weightloss Franchising USA, LLC as of January 30, 2008. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Medi-Weightloss Franchising USA, LLC as of January 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

  
Carl B. Bindman, CPA, P.C.  
Andover, MA  
January 31, 2008

**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**  
**BALANCE SHEET**  
**JANUARY 30, 2008**

**ASSETS**

CURRENT ASSETS	
Checking Account	\$ <u>100,000</u>
TOTAL CURRENT ASSETS	<u>100,000</u>
TOTAL ASSETS	\$ <u><u>100,000</u></u>

**LIABILITIES AND MEMBERS' EQUITY**

LIABILITIES	\$ -
MEMBERS' EQUITY	<u>100,000</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u><u>100,000</u></u>

See accompanying notes and auditor's report

MEDI-WEIGHTLOSS FRANCHISING USA, LLC  
NOTES TO THE FINANCIAL STATEMENT  
AS OF JANUARY 30, 2008

NOTE 1 – BUSINESS ACTIVITY

Medi-Weightloss Franchising USA, LLC (the "Company") was formed and commenced operations as a Limited Liability Company on January 24, 2008. The Company is a franchisor of weight loss clinics throughout the United States.

NOTE 2 – A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Income Taxes

The Company is a limited liability company, and therefore is not subject to income tax. The income tax liability of the members is not accrued on the books of the Company.

NOTE 3 - RELATED PARTIES

The Company is affiliated through common ownership and/or business agreements with Medi-Weightloss Clinics, LLC, Physicians Health Management, LLC, Vita Nutritionals, LLC, Medi-IP Licensing, LLC and Bariatric Medical Seminars, LLC. These related entities provide various levels of services and management support to the licensed Medi-Weightloss clinics throughout the United States.

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

Medi-Weightloss Franchising USA,LLC  
Balance Sheet  
December 31, 2008

ASSETS

Current Assets		
Petty Cash	\$	148.08
Regular Checking Account		286,071.97
Accounts Receivable		119,359.36
Inventory		64,447.58
Commission Advance		10,000.00
Due from Ed Kaloust		54,000.00
Due from Jim Edlund		36,000.00
due from dr. zbella		10,000.00
Due From Medi-Weightloss Cl		645,122.03
Note Rec - Jety		90,000.00
Due From PHM		20,232.20
		<hr/>
Total Current Assets		1,335,381.22
Property and Equipment		
Equipment		7,668.58
Phone System		6,361.26
Office Computers & Printers		5,716.38
Leasehold Improvements		12,452.00
Accum. Depreciation		(2,284.00)
		<hr/>
Total Property and Equipment		29,914.22
Other Assets		
		<hr/>
Total Other Assets		0.00
		<hr/>
Total Assets	\$	<u><u>1,365,295.44</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	430,488.26
American Express		9,936.36
401K Contributions		11,440.17
deferred comp		100,000.00
Note - Premium Assignment		13,869.54
Due To Medi IP LLC		125,000.00
		<hr/>
Total Current Liabilities		690,734.33
Long-Term Liabilities		
		<hr/>
Total Long-Term Liabilities		0.00
		<hr/>
Total Liabilities		690,734.33
Capital		
Partner's Cont. - Ed Kaloust		54,000.00
Partner's Draw - Ed Kaloust		(23,359.76)
Partner's Cont. - Jim Edlund		36,000.00
Partner's Draw - Jim Edlund		(22,000.00)
Partner's-Cont Dr. Zbella		10,000.00
Net Income		619,920.87
		<hr/>
Total Capital		674,561.11
		<hr/>
Total Liabilities & Capital	\$	<u><u>1,365,295.44</u></u>

Medi-Weightloss Franchising USA, LLC  
Income Statement  
For the Twelve Months Ending December 31, 2008

	Year to Date
<b>Revenues</b>	
Franchise Fees	\$1,688,146.83
Product Sales	<u>\$2,343,441.40</u>
<b>Total Revenues</b>	<u>\$4,031,588.23</u>
<b>Cost of Sales</b>	
Franchise Fees	\$174,315.75
Product Sales	<u>\$1,982,729.87</u>
<b>Total Cost of Sales</b>	<u>\$2,157,045.62</u>
<b>Gross Profit</b>	<u>\$1,874,542.61</u>
<b>Expenses</b>	
Operations	\$814,011.10
Marketing	\$177,536.30
Sales	\$154,209.73
Legal	<u>\$109,262.11</u>
<b>Total Expenses</b>	<u>\$1,255,019.24</u>
<b>Net Income</b>	<u><u>\$619,523.37</u></u>

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**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
DEPOSIT AGREEMENT**

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**APPLICATION AND DEPOSIT AGREEMENT**

**THIS APPLICATION AND DEPOSIT AGREEMENT** (this “**Agreement**”) is, upon execution by both you and us, effective as of \_\_\_\_\_, 2009 (the “**Effective Date**”), regardless of when it is signed, by and between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, with its principal place of business at 509 S. Hyde Park Avenue, Tampa, Florida 33606 (“**we**,” “**us**” and “**our**”) and \_\_\_\_\_, whose principal place of business is \_\_\_\_\_ (“**you**” or “**your**”). You and we are sometimes referred to collectively as the “**parties**” or separately as a “**party**.”

**BACKGROUND INFORMATION**

We grant franchises for the operation of **MEDI-WEIGHTLOSS CLINICS®** Businesses to persons who meet our qualifications, and are willing to undertake the investment and effort, a Franchise to own and operate a “**MEDI-WEIGHTLOSS CLINICS® Business**” as described in our Disclosure Document.

You have applied for a Franchise to own and operate a **MEDI-WEIGHTLOSS CLINICS®** Business. To determine whether to grant you a Franchise, we must evaluate your credentials and you want to make sure that operating a **MEDI-WEIGHTLOSS CLINICS®** Business is compatible with your objectives. We incur various expenses in making those evaluations and determinations.

Accordingly, the parties agree as follows:

**OPERATIVE TERMS**

1. **Deposit.** Contemporaneously with signing this Agreement, you have deposited \$10,000 (the “**Deposit**”) with us. If we grant a Franchise to you this Deposit will be credited toward the Franchise Fee payable in accordance with the Clinic Franchise Agreement. The Deposit will not bear interest. We will not establish a separate account for the Deposit. The Deposit is non-refundable and is fully earned by us when paid.

2. **Right of First Refusal.** In return for the Deposit, prior to \_\_\_\_\_, 2009, we will not grant a Franchise to anyone to operate a **MEDI-WEIGHTLOSS CLINICS®** Business in the Proposed Market Area (“**PMA**”) without first offering you the right to enter into a Franchise on the same terms as being offered to that other applicant. The following is a description of the PMA: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

But, if you and we do not enter into the Clinic Franchise Agreement prior to \_\_\_\_\_, 200\_\_, your rights under this Deposit Agreement terminate.

3. **Competitive Restrictions.** Upon our termination or expiration (if we offer, but you elect not to acquire, a franchise), you and your owners agree that, for a period of 1 year commencing on the effective date of termination or expiration or the date on which a person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business operating in or within 25 miles of any other **MEDI-WEIGHTLOSS CLINICS®** Business' PMA, Market Area or Site in operation or under construction on the later of the effective date of the termination

or expiration or the date on which a person restricted by this Section complies with this Section. If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. The term “**Competitive Business**” as used in this Agreement means any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any business that provides, markets or sells Products or Services or any other health, wellness, weight loss, weight management or nutritional products or services (other than a MEDI-WEIGHTLOSS CLINICS® Business operated under a Clinic Franchise Agreement with us)

4. **Confidential Information** We may disclose certain information to you regarding the System and the know-how related to its use; plans, specifications, size and physical characteristics of MEDI-WEIGHTLOSS CLINICS® Businesses; Site and leads selection criteria, land use and zoning techniques and criteria; methods in obtaining licensing and meeting regulatory requirements; sources, Products, Services, equipment, furniture, forms, materials and supplies; marketing, advertising and promotional programs for MEDI-WEIGHTLOSS CLINICS® Businesses; the selection, testing and training of personnel for MEDI-WEIGHTLOSS CLINICS® Businesses; the recruitment, qualification and investigation methods to secure employment for employment candidates; any computer software we make available or recommend for MEDI-WEIGHTLOSS CLINICS® Businesses; methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of MEDI-WEIGHTLOSS CLINICS® Businesses; knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; and serving techniques; and knowledge of operating results and financial performance of MEDI-WEIGHTLOSS CLINICS® Businesses. You acknowledge and agree that all of this information is confidential and proprietary (the “**Confidential Information**”). You will not acquire any interest in the Confidential Information. The use or duplication of any Confidential Information in any other business will constitute an unfair method of competition. You will not disclose, leak, divulge, disseminate, reveal, make available, replicate, duplicate (in any form, tangible or intangible) or otherwise communicate all or any portion of the Confidential Information to any other person or entity, or use it for any purpose other than good faith negotiations with us to obtain a Franchise, either directly or indirectly, unless given permission to do so in writing by us. You will use the highest degree of care to safeguard the confidentiality of the Confidential Information and not make any copies or abstracts of the Confidential Information (intangible, printed or an intangible form) except where permitted to do so by us in writing. You will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

5. **Return of Confidential Information.** If, for any reason whatsoever, you and we do not enter into a Clinic Franchise Agreement prior to \_\_\_\_\_, 2009, you and we agree as follows:

(a) **Return:** You will immediately return to us all franchise Disclosure Documents, franchise agreements, prototypes, samples, brochures, copies, materials, duplicates, derivations, portions, extracts and any other aspects of the Confidential Information in your possession.

(b) **Copies:** You will immediately deliver to us all additional copies or other duplicates of the Confidential Information produced or created by you or us, including without limitation, all prototypes, documents, photocopies, notes, memoranda, excerpts, derivations, worksheets or other ancillary documentation containing, or derived from, Confidential

Information, whether contained on paper, tangible material, tape or in computer memory banks or the storage devices.

(c) **Destruction.** You will immediately destroy any Confidential Information or derivations which you may possess in computer memory or elsewhere in machine readable form that cannot be returned to us, thereby leaving no written evidence or intangible embodiment of the Confidential Information in your possession.

(d) **Certificate.** Within 10 days following notice from us of our demand that you return or destroy the Confidential Information, you will deliver to us a written certificate executed by a duly authorized officer on your behalf, stating that you have fully and completely discharged all of your obligations pursuant to the provisions of this Agreement and returning all of the Confidential Information not destroyed.

6. **Governing Law and Jurisdiction.** Florida law governs this Agreement. Jurisdiction and venue for any claims involving this Agreement is exclusively in the courts serving Hillsborough County, Florida. The parties irrevocably submit to the venue and jurisdiction of such courts.

7. **Litigation Expenses.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys' fees, defense costs, witness fees and other related expenses including paralegal fees, travel and lodging expenses and court costs. Reimbursement is due within 30 days of written notice after prevailing.

8. **Assignment.** This Agreement, and all rights and obligations of the parties, may not be assigned, subcontracted, or transferred by any party without the prior written consent of the other party.

9. **Background Information.** Both parties agree that the background information at the beginning of this Agreement is accurate.

10. **Effect.** This Agreement neither evidences, nor commits us to, an award of a Franchise to you. Any grant of a Franchise to you will be subject to a definitive Clinic Franchise Agreement mutually acceptable and signed by both you and us. However, in the meantime, you and we will naturally be expected to investigate each others' qualifications, background and respective businesses. Thus, each of us will cooperate with each other to obtain further information in order to proceed on a mutually beneficial business basis. Neither party has any obligation to the other party other than as described in this Agreement.

Intending to be bound, the parties sign below:

**MEDI-WEIGHTLOSS  
FRANCHISING USA, LLC**

**YOU:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**CLINIC FRANCHISE AGREEMENT**

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**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**

**CLINIC FRANCHISE AGREEMENT**

AGREEMENT DATE:

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CLINIC NUMBER:

\_\_\_\_\_

ADDRESS OF CLINIC:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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**Exhibits:**

Exhibit A	Site, Protected Area, Market Area and Fees
Exhibit B	Initial Package
Exhibit C	Form of Conditional Assignment of Telephone Numbers and Listings
Exhibit D	Form of Confidentiality, Non-Solicitation and Non-Competition Agreement

**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**

**CLINIC FRANCHISE AGREEMENT**

THIS CLINIC FRANCHISE AGREEMENT (this “**Agreement**” or this “**Clinic Franchise Agreement**”) is, upon execution of this Agreement by both you and us, effective as of \_\_\_\_\_, 200\_\_ (the “**Agreement Date**”). The parties to this Agreement are MEDI-WEIGHTLOSS FRANCHISING USA, LLC, a Florida limited liability company, with its principal business address at 509 S. Hyde Park Avenue, Tampa 33606, Florida (referred to in this Agreement as “**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (referred to in this Agreement as “**you**,” “**your**” or “**Franchisee**”).

**I. INTRODUCTION.**

1.1. **The MEDI-WEIGHTLOSS CLINICS® System.** Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system (our “**System**”) for the development and operation of businesses that, using our System, Marks and Copyrights, offer the Products and Services we designate or approve (the “**MEDI-WEIGHTLOSS CLINICS® Business(es)**”).

The products and services we designate for offer and sale by MEDI-WEIGHTLOSS CLINICS® Businesses include our proprietary, designated or approved weight loss, nutritional weight management and wellness products and services, and other products and services we may designate or approve from time to time (the “**Products and Services**”). The Products and Services form part of our proprietary *medically-supervised* weight loss, wellness, nutritional and weight management program which we call the “**MEDI-WEIGHTLOSS CLINICS® Program.**”

The MEDI-WEIGHTLOSS CLINICS® Program includes those Products and Services which we refer to in our Manuals as our “**Foundational Products and Services,**” “**Branded Products and Services,**” and “**Ancillary Products and Services**”, as well as “**Medical Products and Services**” which are other services that may be required by applicable law to be provided by an independent Physician employed by the Practice (or by you if permitted by law) responsible for supervising and/or monitoring the MEDI-WEIGHTLOSS CLINICS® Program. We may change, modify or amend these definitions in our Manuals from time to time.

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of MEDI-WEIGHTLOSS CLINICS® Businesses, including the trade and service marks “**MEDI-WEIGHTLOSS CLINICS®**” (design); “**MEDI-WEIGHTLOSS CLINICS®**” (word mark); “**THE ONE THAT WORKS!®**”; and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of MEDI-WEIGHTLOSS CLINICS® Business (collectively, the “**Marks**”).

We appoint certain persons who meet our standards and qualifications and who are willing to undertake special efforts (“**Franchisees**”) the right (“**Unit Franchises**”) to own and operate an individual MEDI-WEIGHTLOSS CLINIC® Business. We refer to those granted the right to operate multiple MEDI-WEIGHTLOSS CLINICS® Businesses as “**Area Developers.**” Under this Agreement, we grant to you a Unit Franchise to operate your Business subject to the terms and conditions, promises representations, warranties and acknowledgements contained in this Agreement. By your and our signing this agreement, you are becoming and serving as one of our Franchisees for the operation of a Unit Franchise. The MEDI-WEIGHTLOSS CLINICS® Business you conduct pursuant to this Agreement is sometimes referred to as “**your Business.**”

We have also granted and may grant to certain persons who meet our qualifications and are willing to undertake the additional investment and effort the right (the “**Area Representative Rights**”) to, within a certain

geographic area (the “**Area Representative Area**”): (a) to develop and operate multiple MEDI-WEIGHTLOSS CLINICS® Businesses; and (b) to solicit others to operate and provide services to others who will operate MEDI-WEIGHTLOSS CLINICS® Businesses (the “**Area Representative Program**”). The Area Representative Rights, if offered, are offered only in accordance with the terms of our then current Area Representative Agreement (the “**Area Representative Agreement**”), and are NOT offered under this Clinic Franchise Agreement. The Area Representative rights are described in more detail in, and are offered under a separate Franchise Disclosure Document from the one we provide to Unit Franchises.

Franchising of businesses that offer medical or quasi-medical products or services is complex and requires the parties to be flexible. We have incorporated certain flexibilities into our Unit Franchise Program as described below.

Because Medical Products and Services may be required by law to be provided by licensed health care providers, and because some states prohibit non-physicians from owning businesses that provide the Medical Products and Services, we generally require the structure of the MEDI-WEIGHTLOSS CLINICS® Business to result in it being operated by two (2) separate entities: (1) a franchised “**Clinic**” and (2) an affiliated but independent practice (the “**Practice**”). In these instances, the Clinic entity signs this “**Clinic Franchise Agreement**”, and the Clinic and the Practice must sign our form of Medical Practice Management Agreement (“**MPMA**”) in the form attached as Exhibit "J" to our Franchise Disclosure Document. As long as the MPMA meets our minimum criteria, we permit the MPMA to be modified and negotiated between the Clinic and the Practice. Often the Practice and the Clinic have common owners.

In some instances, we and applicable laws will permit the MEDI-WEIGHTLOSS CLINICS® Business to be operated by a single entity. In that case the MPMA and a separate Practice is not required, and the Clinic employs the Physicians and other Professionals who provide the Medical Products and Services. But, changes to laws, or the application of laws governing the practice of medicine, referrals, fee-splitting and the like, may require that a Clinic that begins operation under one entity, later utilize a separate Practice and sign an MPMA, or otherwise agree to modify the payment structures of the relationship to comply with these laws. This is a risk you must be willing to take.

The “**Practice Management Services,**” which are also offered by Clinics to the Practices (or which are provided by the Clinic to itself if operated as one entity), are those Products and Services provided by MEDI-WEIGHTLOSS CLINICS® Businesses that we designate in our Manuals from time to time as Practice Management Services, and which may include: medical services organization type services; physician practice management type services; leased or shared space; advertising; equipment; and administrative services. Practice Management Services are provided to health care providers who perform services and dispense pharmaceuticals requiring a medical or pharmacy license in connection with the Products and Services (collectively, the “**Physician Activities**”). Because in many instances the MEDI-WEIGHTLOSS CLINICS® Business is operated using both a Clinic Franchise Agreement and MPMA, under the MPMA, the Clinic will often offer Practice Management Services to the Practice.

So, while the MEDI-WEIGHTLOSS CLINICS® Businesses provide certain Products and Services, they do not, where prohibited by applicable law or by us, provide the Medical Products and Services, but instead will offer other Products and Services in conjunction with, or separate from the Practice and coordinate marketing and delivery of the Medical Products and Services with the Practice. In instances where the Clinic directly employs the Physicians and other Professionals (described below), the Clinic, Physicians and other Professionals are responsible for making sure that their relationships retain the independent professional autonomy of judgment that is required by applicable law. In some states, we or applicable law may require that all of the owners of the Clinic and or the Practice be licensed Physicians.

When we refer to your MEDI-WEIGHTLOSS CLINICS® Business(es) or “**your Business,**” we mean a combined business offering and selling the Products and Services (either by both Clinic and Practice, or just a Clinic). However, no matter how we describe them, MEDI-WEIGHTLOSS CLINICS® Businesses operate (subject to laws governing physician autonomy and the like) under and using our “**System**” which includes our: clinic management



system; accounting system; distinctive business formats; uniforms; color schemes; methods; procedures; system-common practices and processes; advertising practices; hiring practices; designs; layouts; signs; product and service mix; licensed or proprietary software, hardware and electronic devices; standards; specifications; treatment protocols; and System Standards all of which we may improve, further develop or otherwise modify from time-to-time. So, to the extent that the Practice assists with offering the MEDI-WEIGHTLOSS CLINICS® Program, it too will be required to operate in accordance with the System, but will also at all times be required to maintain its professional autonomy and judgment when dealing with its patients.

In conducting your Business granted to you under this Agreement, you will need to develop and operate the Clinic, and in doing so you must hire or obtain the services of qualified personnel, which may include Advanced Registered Nurse Practitioners; Physician Assistants; medical technicians; medical assistants or similar types of personnel to assist in providing the Products or Services (collectively, the “**Professionals**”). Depending on the laws of your state, the Professionals may be employed by the Clinic or the Practice. Professionals may be required by law or by us to work under a Medical Director, either at the Clinic or the Practice, who may be required to be an M.D. or D.O., but need not be on-site unless required by state law. As part of the services, you will also be required to refer clients to and utilize the physicians we designate or approve (the “**Physicians**”). We expect that you may wish to utilize two Physicians: one on-Site and the other on-call. But you may utilize only one Physician if applicable laws permit you to do so. We do not require the use of two Physicians unless applicable law requires you to do so.

Like the Professionals, the Physicians may be employed by the Clinic or by the Practice depending on the applicable laws governing their profession. Regardless, you are solely responsible for ensuring that the Medical Director, Physicians and the Professionals are properly licensed and certificated as required by applicable state law. You are prohibited from engaging in the practice of medicine or any other activities in violation of applicable state law. If you operate in conjunction with a Practice, the MPMA will also require you to do so. In some states, in order for the Physicians to be employed by the Clinic, you will need to sign our then current form of Non-Corporate Practice of Medicine Addendum (the “**NCP Addendum**”) attached as Exhibit “F” to our Franchise Disclosure Document. The NCP Addendum may be negotiated between you and us to comply with applicable laws, rules and regulations.

Because our MEDI-WEIGHTLOSS CLINICS® Program is closely tied to the utilization of medical services, we find that there are material differences between prospective franchisees who operate, or will convert for operation existing medical practices or other similar practices with a patient base, like a chiropractic practice or other wellness practice, as compared to prospective franchisees who are not affiliated with or will not convert an existing practice to start a MEDI-WEIGHTLOSS CLINICS® Business. We refer to those prospective franchisees who have such relationships with existing practices in patient bases as “**Patient Based**” MEDI-WEIGHTLOSS CLINICS® Businesses. In contrast, we refer to those who do not have an existing practice and patient base as “**Cold Start**” MEDI-WEIGHTLOSS CLINICS® Businesses. If any rights or obligations differ under this Clinic Franchise Agreement based on whether your Business is a Cold Start or Patient Based MEDI-WEIGHTLOSS CLINICS® Business, we will designate so in this Clinic Franchise Agreement. Otherwise, this Clinic Franchise Agreement applies the same regardless if you are a Cold Start or Patient Based MEDI-WEIGHTLOSS CLINICS® Business.

We refer to MEDI-WEIGHTLOSS CLINICS® Businesses that are owned or controlled, in whole or in part, by us or our affiliates as “**Company Owned Businesses**” and we refer to MEDI-WEIGHTLOSS CLINICS® Businesses (or similar businesses) that were licensed by our predecessors or affiliates prior to our offering franchises for MEDI-WEIGHTLOSS CLINICS® Businesses as “**Licensed Businesses.**” We refer to Company Owned Businesses, Licensees (of any kind) and MEDI-WEIGHTLOSS CLINICS® Businesses, Area Representatives and Area Developers as “**System Businesses.**”

1.2. **Acknowledgments.** You acknowledge and agree that:

- (a) you have read, in their entirety, this Agreement, its exhibits and our Franchise Disclosure Document and its exhibits;

- (b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each MEDI-WEIGHTLOSS CLINICS® Business and to protect and preserve the System, Copyrights and goodwill of the Marks;
- (c) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a MEDI-WEIGHTLOSS CLINICS® Business may evolve and change over time;
- (d) an investment in a MEDI-WEIGHTLOSS CLINICS® Business involves business risks and that your business abilities and efforts are vital to the success of the venture;
- (e) any information you acquire from other MEDI-WEIGHTLOSS CLINICS® Business franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;
- (f) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us;
- (g) we have advised you to have this Agreement reviewed and explained to you by an attorney; and
- (h) this Agreement is not effective until it is signed by our duly authorized representative.

1.3. **Representations.** You represent to us, as an inducement to our entry into this Agreement, that:

- (a) all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise;
- (b) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the “**Anti-Terrorism Laws**”);
- (c) neither you nor any of your owners, employees, agents, property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws; and
- (d) you have read, in their entirety, this Clinic Franchise Agreement, its Exhibits and the Franchise Disclosure Document and its Exhibits.

Upon our execution of this Agreement, we have approved your request to purchase a franchise and operate your Business in reliance on all of your representations.

1.4. **No Warranties.** We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the revenues, sales, profits or success of

the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of MEDI-WEIGHTLOSS CLINICS® Businesses. You acknowledge and understand the following:

- (a) any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;
- (b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing MEDI-WEIGHTLOSS CLINICS® Business (or Practice) owned by us or our affiliates, or that is not contained in our Franchise Disclosure Document, is unauthorized, unwarranted and unreliable and should be reported to us immediately;
- (c) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our Senior Vice President and General Counsel, Derek Kaloust; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it; and
- (d) we make no representations or warranties that the sale, lease, or license of a MEDI-WEIGHTLOSS CLINICS® Business and/or franchise does not violate any Federal or State laws including, without limitation, Federal and State laws prohibiting kickbacks, self-referral, fee-splitting, corporate practice of medicine, disclosures of ownership interest, or any other law relating to the Practice of a Profession or any other form of healthcare, medicine, Physician Activities, and/or Medical Products and Services.

1.5. **Business Organization.** If you are, at any time, a business organization (like a corporation, limited liability company or partnership) (“**Business Entity**”), you agree and represent that:

- (a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;
- (b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;
- (c) the Principal Owner Statement will completely and accurately describe all of your owners and their interests in you. A copy of our current form of "**Principal Owner Statement**" is attached as Exhibit “G” to our Franchise Disclosure Document;
- (d) you and your owners agree to revise the Principal Owner Statement, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes that reduce your ownership below fifty-one percent (51%) may be made without our approval);
- (e) a Principal Owner of the Business Entity (defined as a person with ownership of at least ten percent (10%) of its voting securities) must: (i) have a sufficient amount of experience in managing and operating full service Clinics (in terms of duration, operational responsibilities,

previous training, etc.) as a general manager or in a similar supervisory position to demonstrate to us that he/she is capable of managing your Business; (ii) have management responsibility and authority over you or your Business on a day-to-day basis; (iii) be actively employed on a full-time basis to manage the Business' operations; (iv) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us); and (v) satisfactorily complete our initial training program and any other training programs we request during the Term;

- (f) each of your Principal Owners, during the term of this Agreement, will sign and deliver to us our standard form of Principal Owner Guaranty (“**Owner’s Guaranty**”) undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us (subject only to the limitations described in the Principal Owner Guaranty). A copy of our current form of Principal Owner Guaranty is attached as Exhibit “H” to our Franchise Disclosure Document; and
- (g) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like Articles of Incorporation or organization and partnership, operating or shareholder agreements).

## **II. GRANT AND TERM; PROTECTED AREA AND MARKETING AREA.**

2.1. **Grant and Term of Franchise.** You have applied for a franchise to own and operate a MEDI-WEIGHTLOSS CLINICS® Business (your Business) operating only at the fixed location approved by, or to be approved by, us (the “**Site**”), and marketing to clients within the geographic area we designate or approve as the (the “**Market Area**”). The Site and Market Area are (or if determined after execution, will be) designated in **Exhibit "A"** to this Clinic Franchise Agreement. You will not actively advertise, market or promote your Business outside the Market Area. You must operate your Business only from the Site. Reference to the Site in this Agreement includes your Business (i.e., the Clinic and the Practice, if any). Subject to the terms of and upon the conditions contained in this Agreement, we grant you the right to; (i) operate your Business located only at the Site (and no other locations); (ii) market the approved Products and Services solely to clients within the Market Area; (iii) use the Marks and Copyrights in connection with operating your Business; (iv) use the System in the operation of your Business; and (v) offer through your Business only the Products and Services we approve (and Other Services if we permit you to do so). The term of the franchise and this Agreement (the “**Term**”) is 10 years and begins on the Agreement Date and expires 10 years from the Agreement Date. The date your Business opens for business is referred to as the “**Opening Date.**” This Agreement may be terminated before it expires according to the terms of this Agreement.

2.2. **Protected Area.** We may designate a geographic area as your “**Protected Area.**” The Protected Area of your Business will consist of the Site and only the geographic area designated as your Protected Area in **Exhibit “A”** to this Clinic Franchise Agreement. We may allow other MEDI-WEIGHTLOSS CLINICS® Businesses to be physically located in your Market Area but not physically located in your Protected Area.

### 2.3. **Rights We Reserve.**

- (a) We (and our affiliates) retain the right to:
  - (i) Solicit prospective Franchisees and grant other Unit Franchises, or other persons rights to operate an Area Development Business or Area Representative Businesses or other similar System Businesses, through national or regional advertising, trade shows or conventions, through the use of the Internet, Intranet, other forms of e-commerce or through similar means;

- (ii) grant licenses or franchises to others to operate a MEDI-WEIGHTLOSS CLINICS® Business, or to own and operate a MEDI-WEIGHTLOSS CLINICS® Business or other System Businesses ourselves or through affiliates, anywhere except a Site physically located in your Protected Area;
  - (iii) sell, solicit, recruit and provide services for the MEDI-WEIGHTLOSS CLINICS® Business, other System Businesses, or any franchised business not defined as a MEDI-WEIGHTLOSS CLINICS® Business in this Agreement;
  - (iv) sell Branded Products and Services and any Ancillary Products, and provide other Products and Services (but not the Foundational Products and Services that are part of the MEDI-WEIGHTLOSS CLINICS® Program) under the Marks or other trade names, trademarks, service marks and commercial symbols, through similar or dissimilar channels which are not accessible by MEDI-WEIGHTLOSS CLINICS® Businesses or other System Businesses (like telephone, mail order, co-branded sites, or through alternative channels of distribution, mail orders, sites located within other retail businesses, Intranet, web sites, wireless, email or other forms of e-commerce) for distribution within and outside of your Market Area or Protected Area, and under such terms and conditions as we consider appropriate;
  - (v) reduce the size and area of your Market Area if some of it is awarded as a Protected Area to another MEDI-WEIGHTLOSS CLINICS® Business or other System Business;
  - (vi) operate and implement Institutional Accounts Programs and offer Kiosk Sites or other services inside or outside your Protected Area or Market Area, and anywhere, in accordance with this Agreement;
  - (vii) solicit prospective franchisees, Area Representatives and Area Developers to own and operate businesses of any other kind or nature, anywhere; and
  - (viii) grant others the right to do any of the above, as approved by us in writing;
  - (ix) engage in any act or exercise any rights not expressly provided to you under this Agreement.
- (b) There are no limitations on our right to engage in alternative channels of distribution for any Products and Services other than the Foundational Products and Services. But, we will not authorize for sale, or sell, the Foundational Products and Services through any channels of distribution other than direct sales to clients of franchised MEDI-WEIGHTLOSS CLINICS® Businesses, company owned Businesses or Licensed Businesses.
- (c) For purposes of the territorial protections described in this Agreement, we treat Licensed Businesses and Company Owned Businesses the same as franchised MEDI-WEIGHTLOSS CLINICS® Businesses. Therefore, except with respect to MEDI-WEIGHTLOSS CLINICS® Businesses, the Foundational Products and Services (as opposed to Branded Products – See Section 1.1) will only be sold to clients who are under physician supervision at Company Owned Businesses, Licensed Businesses, and MEDI-WEIGHTLOSS CLINICS® Businesses. Nonetheless, we do allow Area Developers and Area Representatives to use certain aspects of the Foundational Products and Services in connection with their obligations as Area Developers and Area Representatives.

- (d) Except as otherwise provided by this Agreement, we will not authorize for sale or make Foundational Products and Services available for sale in pharmacies, kiosks, over the internet, or through any other alternate means for public distribution or consumption. Nonetheless, we reserve the right to, and may, in our sole discretion, design methods of distribution so that clients of System Businesses can acquire the Foundational Products and Services through Alternative Channels of Distribution like e-commerce, catalog or similar means that we control provided we, in our sole discretion, establish compensation structures to compensate the System Businesses for sales of Foundational Products and Services in their Protected Areas associated with those clients according to our then current System Standards. If we do so, you must participate in, and comply with such program according to our System Standards. We do not have to compensate you for the Alternative Channels of Distribution other than the Foundational Products and Services, and only if we establish compensation programs for such alternative channels of distribution of Foundational Products and Services.

2.4. **Institutional Accounts**. We may develop an Institutional Account Program for the benefit of the MEDI-WEIGHTLOSS CLINICS® Businesses and other System Businesses. An “**Institutional Account**” is a client or a group of clients that operate under common ownership or control, through independent dealerships, affiliated entities, hospital systems, HMOs, franchise systems, religious organizations, school systems, multiple offices of a practice with whom you or other MEDI-WEIGHTLOSS CLINICS® Businesses affiliate, governmental units, or businesses with multiple locations or disperse employees or some other association, for whom, or at whose locations or at multiple MEDI-WEIGHTLOSS CLINICS® Businesses or other System Businesses’ locations we have arranged for the MEDI-WEIGHTLOSS CLINICS® Businesses or other System Businesses to provide to their employees or participants the MEDI-WEIGHTLOSS CLINICS® Program and any Approved Products and Services we designate, which may be offered under special pricing structures designated by us. Regardless of any contrary provision of this Agreement, you and we agree as follows:

- (a) **Territorial Rights**. You agree that we or our designee may solicit your current or potential clients located in your Market Area or Protected Area, whether or not you currently provide any Products or Services to them, in order to develop them as Institutional Accounts or for products or services we offer through e-commerce. We or our designee may do so without violating any of your territorial rights as described in this Agreement;
- (b) **Best Efforts**. You must use your commercially reasonable best efforts to provide and sell the Products and Services we designate to Institutional Accounts located in your Market Area and Protected Area on the terms and conditions we specify for the program for those Institutional Accounts. We may require you to do so at the location of an Institutional Account or by other means which may not be located within the confines of your Business. These terms may vary from Institutional Account to Institutional Account depending on the situations and circumstances. We may require that you coordinate your efforts with other System Businesses in order to provide and sell Products and Services to Institutional Accounts;
- (c) **Alternative Services**. You recognize that some Institutional Accounts, for whatever reason, may decide that they do not want to do business with you. If that happens, we will cooperate with you to the extent we deem practicable to resolve the Institutional Account’s (or their clients'/participants') concerns. However, if the Institutional Account (or their (or their clients or participants) continues to refuse to do business with you as a result of your failure to comply with the System Standards, lapses in your client service, or any other reason, we may prohibit you from participating in any Institutional Account program;

- (d) **Indemnification.** You agree to indemnify us against all expenses we incur or monies we refund to such Institutional Account resulting from your failure to provide or sell products and/or services to it;
- (e) **Terms and Conditions.** You must honor the terms and conditions we specify and develop for Institutional Accounts, including the maximum pricing for products or services and any service schedules for any Institutional Account you service; and
- (f) **Eligibility.** Due to the need to insure adherence to the System Standards in selling and providing products and services for Institutional Accounts, you will not be eligible for assignment of Institutional Accounts unless you are in full compliance with this Agreement.

2.5. **Kiosk Locations.** Subject to the preceding Section, we may develop a program for offering Kiosk Sites at Kiosk Locations. “**Kiosk Locations**” are places where large numbers of individuals congregate for various reasons, often due to transit, such as airports, cruise ship terminals, train stations, subway stations and the like, or for shopping purposes such as indoor and outdoor malls, town centers, and the like, or for purposes of entertainment like stadiums, amphitheatres, amusement parks, theme parks, boardwalks, private and governmental parks, historic sites, and the like. If we determine that we want to develop and operate or grant the rights to an affiliate or other third party to develop and operate a kiosk or other limited services facility that has a maximum retail floor space that we designate (currently as of the Agreement Date - 500 sq. ft.) or less offering or taking orders for the Products and Services (collectively, a “**Kiosk Site**”) at a Kiosk Location within your Protected Area, we will first notify you of such intent and provide you a right of first refusal to enter into an addendum to this Agreement with us for the operation of such Kiosk Site in your Protected Area. We don’t offer any right of first refusal for Kiosk Locations outside of your Protected Area (e.g., any other areas within your Market Area). In order to exercise your option to obtain the right to operate the Kiosk Site in your Protected Area (or to operate any Kiosk Location in your Market Area if offered to you by us, in our sole discretion) you must, within thirty (30) days of the date we notify you of our intent to establish such Kiosk Site, comply with all of the following:

- (a) enter into our then current form of MEDI-WEIGHTLOSS CLINICS® Business addendum to the Clinic Franchise Agreement for the Kiosk Site, which may contain terms and conditions different from the form of Clinic Franchise Agreement that we offer to MEDI-WEIGHTLOSS CLINICS® Businesses that are not designated as Kiosk Sites;
- (b) pay to us our then current initial fees and ongoing fees for the Kiosk Site;
- (c) qualify under our then current Standards and Specifications for Kiosk Site franchise owners, which qualifications may differ from those of MEDI-WEIGHTLOSS CLINICS® Business franchise owners who operate non-Kiosk Site MEDI-WEIGHTLOSS CLINICS® Businesses; and
- (d) be in full compliance with this Agreement and all other agreements between you and us, and our affiliates.

If we offer you the opportunity to operate and you accept our offer to allow you to operate a Location at a Kiosk Site, you must enter into an addendum to this Agreement indicating such and, thereafter, your operation of the Kiosk Site will be deemed the same as, and will be treated the same as, the operation of your Business. However, we may chose not offer Kiosk Locations if they are unable to offer sufficient Products and Services due to limitations related to the Practice of a Profession, or if we chose not to do so for any other reason.

2.6. **Other Services.** We may permit or require you to provide Other Services. “**Other Services**” are services not currently offered to be performed at MEDI-WEIGHTLOSS CLINICS® Businesses which are related to

the weight loss industry. For example, Other Services might include weight loss, nutritional, or weight management related catering, or services like smart lipo. If we do so, we will designate the areas in which you can provide the Other Services. You must not perform any Other Services outside of the areas we designate for them. We do not grant you any exclusive territorial rights to any areas for providing Other Services. Your offering of Other Services will be governed by this Clinic Franchise Agreement and you will be required to comply with our System Standards for offering any Other Services. And, we may charge your new and additional fees to offer the Other Services. If you provide any Other Services, you must: (1) ensure that your customers receive, at all times, high quality Products and Services in accordance with our System Standards; (2) not provide any Other Services to any location outside of the areas we designate for your providing such Other Services; and (3) be able to provide such Other Services in accordance with applicable laws, rules, and regulations. You must maintain the condition and appearance of and perform maintenance with respect to all vehicles and equipment, if any, used in connection with your providing Other Services in accordance with our System Standards. You must maintain adequate motor vehicle liability and other insurance of the types and in the amounts that we may designate from time to time, if vehicles are used, for such Other Services. If you fail to comply with any of your obligations in connection with providing Other Services, then, in addition to any other rights or any remedies that we may have (including the right to terminate this Agreement), we may temporarily suspend or permanently terminate your rights to provide any particular or all Other Services or restrict the geographic area in which you may provide any or all Other Services.

### **III. SUCCESSOR TERMS.**

3.1. **Your Right to Acquire a Successor Franchise.** Upon the expiration of this Agreement, if you (and each of your owners) have substantially complied with this Agreement during its Term, and provided that:

- (a) you maintain possession of and agree to remodel and/or expand your Site, add or replace improvements, equipment and signs and, otherwise modify your Business as we require to bring it into compliance with specifications and standards then applicable for MEDI-WEIGHTLOSS CLINICS® Businesses,
- (b) if you are unable to maintain possession of the Site, or if in our judgment your Business should be relocated, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for MEDI-WEIGHTLOSS CLINICS® Business and continue to operate your Business at the Site until operations are transferred to the substitute premises, and
- (c) you have maintained or can demonstrate the establishment of a relationship with a Practice that meets our System Standards and is approved by us; or if you are able to perform or provide the Practice Management Services we then designate.

then, subject to the terms and conditions set forth in this Agreement relating to Successor Franchises, you will have the right to acquire four (4) Successor Franchises (each a “**Successor Franchise**”) to operate your Business as a MEDI-WEIGHTLOSS CLINICS® Business, for additional five (5) year periods on the terms and conditions of the franchise agreement we are then using in granting Successor Franchises for a MEDI-WEIGHTLOSS CLINICS® Business.

3.2. **Grant of a Successor Franchise.** You agree to give us written notice of your election to acquire a Successor Franchise during the first ninety (90) days of: (i) the ninth (9th) year of the term of this Agreement, or (ii) the fourth (4th) year of the term of any Successor Franchise. We agree to give you written notice (“**Response Notice**”), not more than ninety (90) days after we receive your notice, of our decision:

- (a) to grant you a Successor Franchise;



- (b) to grant you a Successor Franchise on the condition that deficiencies of your Business are corrected; or
- (c) not to grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

If applicable, our Response Notice will:

- (a) describe the remodeling and/or expansion of your Business and other improvements or modifications required to bring your Business into compliance with then applicable specifications and standards for a MEDI-WEIGHTLOSS CLINICS® Business; and
- (b) state the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a Successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a Successor Franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

If our Response Notice states that you must cure certain deficiencies of your Business or its operation as a condition to the grant of a Successor Franchise, we will give you written notice of a decision not to grant a Successor Franchise unless you cure such deficiencies, not less than ninety (90) days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the ninety (90) day period prior to its expiration. If we fail to give you:

- (a) notice of deficiencies in your Business, or in your operation of your Business, within ninety (90) days after we receive your timely election to acquire a Successor Franchise; or
- (b) notice of our decision not to grant a Successor Franchise at least ninety (90) days prior to the expiration of this Agreement, if such notice is required;

we may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or ninety (90) days notice of our refusal to grant a Successor Franchise.

3.3. **Agreements/Releases.** If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises for MEDI-WEIGHTLOSS CLINICS® Businesses. The Monthly Fee and System Branding Fee upon renewal may be greater than the fees we then impose on similarly situated renewing franchisees. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election not to acquire a Successor Franchise. Our grant of a Successor Franchise to you is not effective unless and until we sign the Successor Franchise Agreement.

3.4. **Training and Refresher Programs.** Our grant of a Successor Franchise is also conditioned on the satisfactory completion by your Manager/Medical Director (who must be approved by us), and by and such Medical Practice personnel as we may designate of any new training and refresher programs as we or our designees may require. Both you and the Practice are responsible for travel, living and compensation costs of your or their attendees.

3.5. **Successor Franchise Fees and Expenses.** Our grant of a Successor Franchise is contingent on your payment to us of a Successor Franchise fee in the amount of Five Thousand and No/100 Dollars (\$5,000). We must receive the fee from you when you sign the franchise agreement for the Successor Franchise.

3.6. **Subsequent Successor Franchises.** The procedure, fees and other conditions for acquiring any subsequent Successor Franchise will be the same as described above. If any subsequent Successor Franchise is granted, it will be governed under the then-current Successor Franchise agreement.

#### **IV. SITE SELECTION AND DEVELOPMENT.**

4.1. **Site Selection.** If you have not done so prior to signing this Agreement, you (with or without our assistance) must, within thirty (30) days of signing this Agreement, locate a Site for your MEDI-WEIGHTLOSS CLINICS® Business and obtain our approval of that Site. All provisions relating to the Site in this Section also apply to such portions of the Site or adjoining space that is rented or shared with the Practice as part of the Practice Management Services. The Site must meet our criteria, which we will provide you, for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, and proximity to, other Clinics and other MEDI-WEIGHTLOSS CLINICS® Businesses; the nature of other Clinics and Practices in proximity to the Site and other commercial characteristics; suitability for providing Practice Management Services; and the size, appearance and other physical characteristics of the proposed Site. We will approve or disapprove a Site you propose for your Business within thirty (30) days after we receive from you a complete site report and any other materials we request. We include one (1) Site selection analysis with your Franchise Fee. If you request, or we require, that we evaluate more than one (1) Site, you must pay to us our then-current Site selection fee (not to exceed \$1,000 per analysis) for each additional Site evaluated by us. Such fees are due, if any, within 15 days of our invoice to you. We invoice additional Site selection fees after your Opening Date. You acknowledge and agree that:

- (a) our recommendation or approval of the Site, does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;
- (b) our recommendation or approval of the Site indicates only that we believe that the Site falls within the acceptable demographic and other criteria for Sites that we have established as of the time of our recommendation or approval of the Site;
- (c) application of criteria that have appeared effective with respect to other Sites and premises may not accurately reflect the potential for all sites, and, after our approval of a Site, demographic and/or other factors included in, or excluded from, our criteria could change to alter the potential of a Site; and
- (d) the uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a Site we have recommended or approved to meet expectations as to potential revenue or operational criteria.

#### **4.2. Relocation of the Site.**

- (a) **Site Relocation Fee:** If (i) the Lease expires or terminates (other than as a result of your default); (ii) the Site is destroyed, condemned or otherwise rendered unusable as a Business in accordance with the System Standards; or (iii) we determine there is a change in character of the location of the Site sufficiently detrimental to its business potential to warrant your Business' relocation, we will permit you to relocate your Business to another Site approved by us within your Protected Area, provided that you comply with all of our System Standards for Site relocation and the replacement Site meets our then-current Site criteria. If we consent to the Site relocation, we have the right to charge you for the expenses we incur in connection

with the relocation of your Site plus a \$7,000 site relocation fee (the “**Site Relocation Fee**”). Any Site relocation will be at your sole expense.

- (b) **Relocation Delay Fee:** You must reopen your Business at the replacement Site as soon as practicable, but in no event more than 90 days after the closing of the prior Site. If your Business is closed for a period of more than 15 business days pending Site relocation, you must pay to us an amount equal to: (i) the aggregate of all Monthly Fees paid by you during the 12 month period immediately preceding your Business' closure divided by 365, times the number of days closed, if your Business has been operating continuously throughout such 12 month period; or (ii) the aggregate of all Monthly Fees paid by you during the period that your Business was operating continuously, if less than 12 months divided by the number of days in such period (“**Relocation Delay Fee**”). You must make such payments to us during such period on a weekly basis. If your Business is closed for a period of more than 15 business days pending the relocation caused by a city, state or county condemnation, or a destruction of the Site not caused by your (or your owners or employees) negligence, the payments in accordance with (b)(i) and (b)(ii) above will be waived and you and we will together determine the length of time necessary for relocation. In this case, we may, at our option, require you to find a temporary site while the relocation is taking place and a determination as to your Monthly Fee payments will be made at that time at our discretion. You are not permitted to relocate your Business except in accordance with this Section and our then-current System Standards.

#### 4.3. Lease of Site.

- (a) **Lease Approval:** You agree to obtain our approval of the lease of the Site before you sign it, or any renewal of it. You agree to deliver a copy of the signed lease to us within fifteen (15) days after its execution. You agree not to sign any lease or renewal of a lease unless you have also obtained our consent.
- (b) **Sublease From Us:** We may, but are not obligated to, lease or sublease the Site to you. If we do so, you agree to sign our then-current form of lease or sublease. If we sublease the Site to you, we may charge a rent that exceeds the cost of rent we pay under our master lease agreement for the Site. By signing this Agreement, we have no obligation to sell, sublease or lease any Site to you.
- (c) **Other Lease of Site:** If you want to lease the Site from someone other than us, you agree to deliver copies of the proposed lease agreement and related documents to us prior to signing them. You agree not to sign any lease agreement or related documents unless we have previously approved them. Additionally, before entering into such a lease, you and the lessor must include the following types of provisions:
  - (x) During the term of the lease, the Site/premises may only be used for the operation of the Business and for no other purpose.
  - (xi) The landlord must consent to your use and installation of the Marks, trade dress, signage and related features associated with the franchised system that we may prescribe from time to time, subject to the provisions of applicable law.
  - (xii) The landlord must agree to provide us with all revenue and other information that the landlord may have related to your operation of the Business as we may request, and you will consent to the landlord providing such information to us.

- (xiii) The landlord will give written notice to us (concurrently with the giving of such notice to you) of any default (a “**Lease Default**”) by you under the lease by certified mail, return receipt requested, or by nationally recognized overnight courier service. This notice to us shall be a prerequisite for the landlord’s exercise of any remedies resulting from a Lease Default. Such notice will grant us the right, but not the obligation, to cure any Lease Default, if you fail to do so, within fifteen (15) days after the expiration of the period in which you may cure the Lease Default under the lease. Our election to cure shall not be deemed an election to assume the lease, unless and until we expressly do so in writing.
  - (xiv) In the event of a Lease Default by you or the default of the Clinic Franchise Agreement by you, and upon written notice by us to have the lease assigned to us as lessee (the “**Assignment Notice**”), (1) we will become the lessee of the premises and will be liable for all obligations under the lease arising after the date of the Assignment Notice and (2) the landlord will recognize us as the lessee of the premises effective as of the date of the Assignment Notice.
  - (xv) So long as the lease term continues and you are not in default under the lease, your use, possession and enjoyment of the premises will not be interfered with by any lender of the landlord.
  - (xvi) Any Lease Default which is not cured by you within any applicable cure period in the lease constitutes grounds for termination of the Clinic Franchise Agreement.
  - (xvii) The landlord and you will not cancel, terminate, modify or amend the lease including, without limitation, our rights without our prior written consent.
  - (xviii) The landlord and you must acknowledge that we are not a party to the lease, but that we are intended to be a third party beneficiary of the lease with an independent right to enforce its terms against the landlord and you.
  - (xix) The benefits of the lease will inure to us and to our successors and assigns.
- (d) **No Warranty:** You acknowledge that our approval of the lease for the Site does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a MEDI-WEIGHTLOSS CLINICS® Business (including any Practice) at the Site. Such approval indicates only that we believe that the Site and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval. YOU FURTHER ACKNOWLEDGE THAT WE HAVE ADVISED YOU TO HAVE AN ATTORNEY REVIEW AND EVALUATE THE LEASE.
- (e) **Lease Indemnification.** You agree to indemnify and hold us and our affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that we or they incur resulting from any claim brought against us or any of them or any action in which we or any of them are named as a party or which we or any of them may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of the lease, including the failure to pay rent or any other terms and conditions of the lease.
- (f) **No Subordination.** You will not permit the lease to become subordinate to any lien without first obtaining our written consent, other than the lien created by this Agreement, the lessor’s

lien under the lease, liens securing bank financing for your operations of your Business and the agreements and other instruments referenced in this Agreement. You will not terminate, modify or amend any of the provisions or terms of the lease without our prior written consent. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

- (g) **Default.** If you breach or default under the lease, or if we pay the lessor any money as a result of your breach of the lease, we will be entitled to possession of the Site and to all of your rights, title and interest in the lease, without limitation on any other remedies available to us under this Agreement, at law or in equity, or under any other agreements between you and us, and we may exercise our rights under this Agreement. This Agreement constitutes a lien on your interest in the lease until satisfaction in full of all amounts you owe us. In addition, our rights to assume all obligations under the lease are optional on our part, to be exercised in our sole judgment.

4.4. **Ownership and Financing.** Instead of leasing a Site, you may propose to purchase, construct, own and operate a MEDI-WEIGHTLOSS CLINICS® Business on real property owned by you or through affiliates. You must meet certain conditions if you or your affiliates own a Site and you or your affiliates propose to obtain, whether prior or subsequent to acquisition, any financing with respect to the Site, or the MEDI-WEIGHTLOSS CLINICS® Business, or for any Operating Assets, in which any of these financed items are pledged as collateral securing your performance. The form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

- (a) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;
- (b) a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within fifteen (15) days after the expiration of a period in which you may cure such default or deficiency;
- (c) a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for our termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes your default under the loan or mortgage; and
- (d) a provision requiring that you, at our option, lease the Site to us if the Franchise Agreement is terminated, assigned, or transferred pursuant to a lease with commercially reasonable terms.

## V. **CLINIC DEVELOPMENT, DECOR AND OPERATING ASSETS.**

### 5.1. **Clinic Development.**

- (a) **Designs and Constructions Plans.** You are responsible for developing your Business and ensuring that the Practice (if any) either develops an adjoining portion of the Site, or rents/shares such Site from or to you. To the extent any construction/build out or remodeling is required, you will complete the construction/build out or remodeling of your Business (or converting an existing business) in accordance with our System Standards. You must obtain our approval for and open your Business for business within three (3) months of the date of

execution of this Agreement (the “**Opening Date**”) (unless we agree in writing to extend that period). In our sole discretion, if you have made full and complete applications for all building permits and all other permits required to open a MEDI-WEIGHTLOSS CLINICS® Business, within thirty (30) days of the date we approve the Site and your lease for it, if any, we may grant to you up to three (3) thirty (30) day extensions to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control. You must submit documentation of the status of all applications necessary to operate your Business at least ten (10) days prior to the date of each thirty (30) day extension you request. We may furnish you with prototype design plans, specifications, decor and/or layout for a MEDI-WEIGHTLOSS CLINICS® Business, including requirements for design, color scheme, image, interior layout, and Operating Assets which include fixtures, equipment, signs, and furnishings and space requirements relative to the Practice, if any (collectively, the “**Designs**”). These sample Designs are merely to provide guidance on the design and layout of other MEDI-WEIGHTLOSS CLINICS® Businesses. We make no representation or warranty concerning the suitability of the sample Designs for your Site or your Business. Unless your MEDI-WEIGHTLOSS CLINICS® Business is operating a MEDI-WEIGHTLOSS CLINICS® Business at the Site being purchased by you from another franchise owner, we will also furnish to you our System Standards with respect to trade dress and other matters of development of the Site which, you agree are an integral part of the System and you agree that you will design and construct the MEDI-WEIGHTLOSS CLINICS® Business in accordance with them. You may be obligated at your expense to have an architect prepare preliminary layout for the MEDI-WEIGHTLOSS CLINICS® Business and all required construction plans, space plans, and specifications to suit the shape and dimensions of the Site (“**Construction Plans**”) and to ensure that such Construction Plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions, and the mandatory specifications and layout provided by us. You must also ensure that your Construction Plans comply with the corporate practice of medicine laws of your state that may require configuration of your space in a manner to differentiate the Practice from your Business. You must make changes to the Construction Plans that we specify from time to time during the development of your Business and must not begin construction, remodeling or other development of your Business until we have approved the Construction Plans. You must make no changes to the approved Construction Plans unless such changes are presented to and approved by us in writing. Despite our providing the sample Designs (and Construction Plans, if any), any changes and approvals that we might provide for them, and your purchase of your Business and its assets from an affiliate of ours or our franchise owner, where we have approved such transfer (if applicable), as between you and us, and our affiliates or other franchise owners, you are solely responsible for complying with all laws, ordinances, rules and regulations relating directly or indirectly to the construction and development of the MEDI-WEIGHTLOSS CLINICS® Business, including the Americans With Disabilities Act and any other laws, rules or regulations regarding public accommodations for persons with disabilities. You are solely responsible, as between us (and our affiliates or other franchise owners) and you, for any and all claims, liabilities, costs and damages relating to non-compliance or alleged non-compliance with any such laws, rules, ordinances or regulations, and you must remedy, at your expense, any such non-compliance or alleged non-compliance. You agree to, at our option, assign to us, or require your architect to assign to us, the plans, drawings or Designs, used by you in connection with your Business, or at our option, obtain the architect’s agreement to license to us such plans, drawings or Designs for use in connection with the MEDI-WEIGHTLOSS CLINICS® Business. You will not hire, engage or use any construction firm, contractor or architect that we disapprove.

- (b) Without limiting your foregoing obligations, you agree, at your own expense, to do the following with respect to developing your Business at the Site:
- (i) secure and provide us proof of your securing all financing required to develop and operate your Business;
  - (ii) sign a lease or otherwise obtain the right to occupy the Site within thirty (30) days of the Agreement date;
  - (iii) obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate your Business;
  - (iv) construct all required improvements to the Site and decorate your Business in compliance with Construction Plans and specifications we have approved (the “**Construction**”);
  - (v) you must give us notice of commencement of the Construction within ten (10) days of the date it began, with progress reports including digital photographs of the construction supporting the findings at least every two (2) weeks thereafter. We will, at your expense, require that additional digital photographs be provided to us;
  - (vi) you must commence construction in accordance with our System Standards before the earlier of thirty (30) days following our approval of the Site or two (2) months following the effective date of this Agreement;
  - (vii) purchase or lease and install all Operating Assets and acquire all Clinic Materials we designate required for your Business;
  - (viii) purchase an opening inventory of authorized and approved products, materials and supplies; and
  - (ix) purchase from us (or our designees) the Initial Package.

5.2. **Decor.** You agree that all décor of your Business must be previously approved by us and must comply with our standards as described in the Manuals or other communications, which may be periodically revised. We own all Copyrights in and to all forms of art or other visual media displayed in your Business including murals, paintings, pictures, drawings, sculptures, and photographs that we direct you to display (including any artwork commissioned, if any, for your Business) (the “**Art**”), as well as all intellectual property rights in and to the Art. You will not, without our prior written permission, allow any of the Art to become a fixture to your Business and you will not display or use the Art in any Competitive Business or Clinic of any kind. Your failure to maintain your Business' décor in compliance with our System and the standards described in the Manuals or otherwise constitutes a material breach of this Agreement. You must also obtain the agreement of the Practice to follow our System Standards relating to décor.

5.3. **Initial Package.** Prior to the opening date of your Business, you must purchase from us and install certain Products, supplies, equipment and services for use in decorating and operating your Business, and providing services to the Practice (the “**Initial Package**”). A description of the Initial Package is attached as **Exhibit “B”** to this Clinic Franchise Agreement and made a part hereof by reference. We deliver the Initial Package items at no additional cost, but installation of any items needing installation is your responsibility and is at your own expense. We do not provide any warranty or service guaranty of the products, items or services we provide. You must pay to us a fee we

designate for the Initial Package (the “**Initial Package Fee**”) when you purchase the Initial Package (on the Agreement Date). The Initial Package Fee is fully earned by us when paid and is not refundable under any circumstances. If you choose to purchase additional products, supplies, equipment or services from us or from the same designees as we designate for the Initial Package, you must pay us or our designees for such additional products, supplies, equipment and services (the “**Additional Initial Package Fees**”). Unless otherwise agreed by us, the Additional Initial Package Fees are due at the earlier of within 15 days of the date of our invoice to you or prior to deliver to you.

5.4. **Operating Assets and Clinic Materials.** You are responsible for equipping your Business for operations and making sure that the Practice (if separate) purchases, or leases from you sufficient furniture, fixtures, equipment, supplies, services and materials. We will identify: (a) the fixtures, furnishings, equipment (including point-of-sale registers, facsimile machines, and computer hardware and software) (collectively, the “**Operating Assets**”); (b) medical, weight loss, weight management, nutritional, or health products and services, other Products and Services, materials, inventory, equipment, uniforms, apparel, supplies and signs, emblems, lettering, logos and display materials, advertising, financial and accounting services, and human resources services necessary for your Business to begin or sustain operations (collectively, the “**Clinic Materials**”); and (c) the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). You agree to acquire all Clinic Materials and Operating Assets from us or suppliers we have previously approved, which may include us or our affiliates. If we do not designate or approve a supplier for the Operating Assets or Clinic Materials, you must purchase them in accordance with, and they must meet our System Standards. We may designate quantities, models, brands and inventory levels of Operating Assets and Clinic Materials. We may also require that you purchase only from us or designated suppliers Operating Assets or Clinic Materials which bear our Marks. We will only approve suppliers whose Clinic Materials and Operating Assets meet the quality standards that we establish from time-to-time. You agree to only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. If you lease or sell any Clinic Materials or Operating Assets to the Practice, such lease or sale agreements must be approved by us.

5.5. **Changes to Approved Suppliers.** You must purchase the Clinic Materials and Operating Assets from Approved Suppliers, and if an Approved Supplier is not designated, in accordance with our System Standards. You must comply with all of our System Standards for approval and use of, or contracting with third parties and suppliers:

- (a) **Designation and Approval of Suppliers:** The reputation and goodwill of MEDI-WEIGHTLOSS CLINICS® Businesses and other System Businesses are based upon, and can be maintained and enhanced only by the use of high quality suppliers of services, materials and equipment. We will provide you with a list, that we may modify from time-to-time, of approved manufacturers, suppliers, or distributors of Operating Assets and Clinic Materials. We may designate approved or designated suppliers, providers, distributors, or manufacturers for any types, models or brands of Clinic Materials, Operating Assets, and other equipment and business services that we approve or require for MEDI-WEIGHTLOSS CLINICS® Businesses or which we designate in the Manuals as relating to the establishment or operation of the MEDI-WEIGHTLOSS CLINICS® Business, which may include us or our affiliates as one of, or the only approved or designated supplier for certain items or services (the “**Approved Suppliers**”). You agree that you will not, without our written approval, use or authorize any of your personnel or other employees to use any services, material, supplies or equipment and/or suppliers, distributors, manufacturers or service providers not authorized by us for your MEDI-WEIGHTLOSS CLINICS® Business. We may require that you and your suppliers, manufacturers, distributors or service providers utilize an ordering system we designate in the manner we designate.
- (b) **Review Procedures:** Our approval of Operating Assets, Clinic Materials, and Approved Suppliers will be given in the form of Specifications and Standards designated in our Manuals.



In approving types, models, brands and suppliers, manufacturers, distributors or service providers, we may take into consideration such factors as quality, warranty and prices. We may approve one or a limited number of suppliers, manufacturers, distributors or service providers in order to obtain lower prices or materials of a more uniform and/or higher quality. If you wish to use any type, model, manufacturer, distributor, supplier, and/or brand of materials, supplies, equipment, or services, you must: (i) notify us in writing; and (ii) submit to us sufficient specifications, photographs, samples and/or other information requested by us concerning such type, model, brand, service, service provider and/or supplier, manufacturer or distributor. We will then notify you within thirty (30) days whether such type, model or brand, supplier, distributor, service provider or manufacturer complies with our specifications, and/or whether such supplier, manufacturer, distributor or service provider meets our criteria for approval. In making the determination, we have the right to charge you our current fee (currently, \$1,000 per day) for this testing. We may from time-to-time prescribe procedures for the submission of requests for approval of types, models, brands, manufacturers, distributors, service providers or suppliers and obligations which approved manufacturers, distributors, service providers or suppliers must assume.

- (c) **Preferred Vendor Programs:** We may develop certain programs and terms under which we, our affiliates or MEDI-WEIGHTLOSS CLINICS® Businesses receive certain negotiated benefits or terms from Approved Suppliers (“**Preferred Vendor Programs**”). You must follow all of our policies and procedures which we designate from time-to-time for participation in or termination of Preferred Vendor Programs (“**Program Rules**”). We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. Our Program Rules may require that you only place or display at the office at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. We may designate one or more Approved Suppliers (“**Preferred Vendors**”) as an exclusive supplier of types, models or brands of business materials, supplies, operating assets, consumer goods, fixtures or materials and business services that we approve for MEDI-WEIGHTLOSS CLINICS® Businesses. We may receive compensation from Approved Suppliers, fees, rebates or other consideration for such purchases. Certain Preferred Vendors may require that you enter into agreements with them (subject to our approval) in connection with our designation or your use of them as a Preferred Vendor or participation in their Preferred Vendor Program (“**Preferred Vendor Agreements**”). You agree to do so. We may be a party to such Preferred Vendor Agreements. We may, but are not obligated to, contribute any such fees or rebates received by us from such agreements to the System Development Fund. However, with respect to such contributions to the System Development Fund, if any, we will not be obligated to offset or reduce your obligation to pay to us the System Branding Fee. If we permit you to receive any form of rebates, contributions or remunerations from Preferred Vendors, we may require that you provide to us accountings of such monies or other remuneration you receive, in the manner we designate in the Manuals. We may charge you fees in the amount we may designate from time-to-time for participating in Preferred Vendor Programs which we evaluate or for which we provide services. If we cancel your participation in any Preferred Vendor Program, we will direct the Preferred Vendor to stop doing business with you on the same terms as it does for other franchisees.

5.6. **Compliance with Laws and Good Business Practices.** You are responsible for making sure that your Business, at all times, complies with all applicable laws, rules and regulations. You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of your MEDI-WEIGHTLOSS CLINICS® Business. You will operate your MEDI-WEIGHTLOSS CLINICS® Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, construction warranties, worker's compensation insurance,

immigration, unemployment insurance, construction permitting, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the MEDI-WEIGHTLOSS CLINICS® System, the Marks and other MEDI-WEIGHTLOSS CLINICS® Businesses.

5.7. **Music and Other Audio and Visual Entertainment.** You acknowledge and agree that the provision of music and audio and visual entertainment to patrons of MEDI-WEIGHTLOSS CLINICS® Businesses is, or may become an integral part of the System. Accordingly, you agree to play only the type(s) of music and display only the types of visual entertainment, at the decibel levels and in the manners that we may periodically prescribe or approve. You must acquire and install any audio or visual equipment that we designate or require for use by MEDI-WEIGHTLOSS CLINICS® Businesses and you must subscribe to music and video services as we may periodically specify.

5.8. **Clinic Management System.** You must use and follow all of the rules and regulations, specifications and System Standards for the Computer System, business management, medical services operations, physician practice management, billing and point of sale and Purchase Order System (as defined below in this paragraph), scheduling, cost control, and accounting system we designate from time-to-time (collectively, the “**Clinic Management System**”). You must utilize the Computer System, if any, which we may designate or approve, in the manner we approve in your utilization of your Clinic Management System. You must use our standard supplier or vendor agreements and other agreements related to your Clinic Management System that we designate from time-to-time. Your Clinic Management System may or will incorporate and consist of such functions as we designate from time-to-time, which may include a mandatory Purchase Order System and rules for participation and use of such Purchase Order System, if any, which we may designate (the “**Purchase Order System**”). For example, this Computer System and Clinic Management System include our EMR Software and Advantage Website. We may require that you obtain the agreement of the Practice to operate using such parts of the Clinic Management System as we may designate, and we may require you to lease or sell such items or services to the Practice. Through, and as part of, your Clinic Management System we may require that you establish an operating account with a bank or other financial institution that we designate or approve (the “**Operating Account**”). We may require that the Operating Account be the sole bank account utilized by your MEDI-WEIGHTLOSS CLINICS® Business and we may be granted the initial automated debt transfers from the Operating Account. You must utilize the Operating Account in accordance with the System Standards as we designate (e.g. Clinic Management System rules). We may change, alter or amend the functions, components, System Standards, Computer System, Purchase Order System and any other aspect of your Clinic Management System from time-to-time.

5.9. **Clinic Opening.** You agree not to open your Business for business until:

- (a) we approve your Business as developed in accordance with our specifications and standards;
- (b) pre-opening training of you and your personnel has been completed to our satisfaction;
- (c) pre-opening training of the Practice's (if separate) personnel has been completed to our or our designees' satisfaction;
- (d) the Franchise Fee and all other amounts then due to us have been paid on the dates due (if due prior to opening);
- (e) we have approved the Managers/Medical Directors of your Business and you have demonstrated to us that the conditions of this Agreement relating to them have been fulfilled;

- (f) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;
- (g) we have received signed counterparts of all required documents pertaining to your acquisition of the Site; and
- (h) until our marketing department has verified that you have complied with the Start-Up Marketing Checklist and our operations department has verified that you have complied with our Opening Checklist, provided in our Manuals.

5.10. **Development of the Business.** You agree that:

- (a) your Business will not be used for any purpose other than the operation of your Business in compliance with this Agreement;
- (b) you will place or display on your Business such signs, emblems, lettering and logos as are approved in writing by us and no other signs, emblems, lettering or logos;
- (c) while we or our designee will (at our option) sell the Initial Package to you, you remain responsible for its installation, if any and the buildout, manufacture and development of it, and must equip and outfit, remodel or renovate your Business in accordance with our specifications as may be modified from time to time;
- (d) you will maintain the condition and appearance (including interior, exterior and mechanical parts) of your Business in accordance with our standards and will effect such cleaning, repair and maintenance of your Business as we require from time to time;
- (e) you will maintain your Business in good repair and regularly service and maintain it so it remains clean and in good working order;
- (f) you will not lease, loan, provide or sell or otherwise transfer any aspect of your Business to anyone (other than to us) without first obtaining our permission to do so and removing all of the Marks and equipment from your Business (subject to our security interest and right of first refusal); and
- (g) you will not hire or use an individual to operate any vehicle for your Business who does not have a valid driver's license under the laws of the state where your Business operates. Each person who operates vehicles used by your Business must agree to comply with all applicable laws, regulations and rules and to use due care operating and maintaining it.

5.11. **Security Interest.**

- (a) **Grant:** By signing this Agreement you:
  - (i) grant to us, a first priority security interest in the following assets: the inventory of your Business and all items sold to you as part of the Initial Package and the Lease, as well as the Franchise Agreement (collectively, the "**Collateral**"). The security interest you grant to us in the Collateral secures your payment and performance of all of your obligations, claims, debts, duties, liabilities conditions and terms, expenses and future advances to you or your affiliates and those amounts which may be incurred by us in connection with

- the administration or collection of any of your obligations under or in connection with the Agreement;
- (ii) agree to sign and deliver to us a UCC-1 Financing Statement, in form and content provided by us describing the Collateral;
  - (iii) agree to sign and deliver to us all other documents and take all other steps, acts and measures that may be necessary to ensure that we are able to fully perfect a first priority security interest in the Collateral;
  - (iv) consent to any notices given by us or our affiliates to other creditors designed to perfect our security interest and to grant us first priority. You agree to authorize us to file, in jurisdictions where this authorization will be given effect, a UCC-1 Financing Statement signed only by us describing the Collateral in the same manner as described in this Agreement. You agree to sign and deliver to us for filing additional Financing Statements and any other documents necessary or desired by us for us to establish or maintain a valid security interest in the Collateral (free and clear of all other liens and claims whatsoever), including deposit with us of any certificate of title issuable with respect to the Collateral and notation on that title of this security interest;
  - (v) if you lease any of the Collateral, you agree to assign the leases to us upon demand; and
  - (vi) agree to sign and deliver to us our form of Conditional Assignment of Telephone Numbers.
- (b) **Exercise of Remedies:** In any case of your default under the terms of the Lease or under this Agreement, we are entitled to exercise any one or more of the following remedies in our sole discretion:
- (i) to take possession of your Business or other Collateral or any part thereof, personally, or by our agents or attorneys;
  - (ii) to, in our discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of your Business, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
  - (iii) to exclude you, your agents or employees from your Business or other Collateral;
  - (iv) as attorney-in-fact for you, or in our own name, and under the powers herein granted, to hold, operate, manage and control your Business and conduct the business thereof, if any, either personally or by the attorney-in-fact's agents, with full power to use such measures, legally rectifiable, as in the attorney-in-fact's discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, granting full power and authority to the attorney-in-fact to exercise each and every right, privilege and power herein granted at any and all times hereafter;
  - (v) to cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;

- (vi) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to your Business that may seem judicious, in our sole judgment;
- (vii) at our option, with or without prior notice to you, enter or obtain access to and control of your Business and remove applicable equipment, at your expense;
- (viii) to insure and reinsure the same for all risks incidental to our possession, operation and management thereof; and/or
- (ix) notwithstanding any provision of this Agreement, to declare all of your rights, but not obligations under the Agreement, to be immediately terminated as of the date of your default under the lease.

5.12. **Start-Up Advertising Campaign.** You agree to conduct a grand opening and promotional program for your Business and to expend the Start-Up Advertising Fees set forth in Section 6.13 of this Agreement for such purpose during the first 3 months your Business is open (“**Start-Up Advertising Campaign**”). The Start-Up Advertising Campaign must utilize the marketing and public relations programs and media and advertising materials we have developed or approved and be provided by vendors we have designated or approved.

5.13. **Regulatory Review.** One of your obligations is to ensure that our model for: (a) an affiliated Practice to engage in the Physician Activities and to provide the Medical Products and services (and any other aspects of the Practice of a Profession or the Practice of Medicine that you are prohibited from performing); or (b) your employing and/or being owned by the Physicians complies with the applicable laws, rules and regulations in your state. Within 30 days of the Agreement Date you must have completed, and provided us with a copy, of a regulatory review of the legal and health care rules and regulations in your state that apply to your operation of your Business and your relationships with the Practice, including an opinion of legal counsel. The legal opinion must address whether or not you may operate a Clinic in your state, the restrictions that apply to your Business' operations and its relations with the Practice, and whether such laws are consistent with this Agreement. If (a) such regulatory review would render it impossible or impractical to operate a Clinic in your state in accordance with this Agreement, and (b) you and we are unable to modify your operations to enable the Clinic to comply, then either you or we may terminate this Agreement immediately on written notice. Our failure to require you to conduct, or waiver of your obligation to conduct, the review is not a representation or opinion on our part that the operation of your Business is, or is not, in compliance with applicable laws.

5.14. **Physicians and the Practice.** Upon notice to you, we may to the extent permitted by law require that you establish relationships with or otherwise refer clients for medical services associated with the MEDI-WEIGHTLOSS CLINICS® Program only to physicians whom we designate or approve, in accordance with applicable law, through which such physicians (the “**Physicians**”) may provide medical or other services related to the MEDI-WEIGHTLOSS CLINICS® Program, the Physician Activities or the Medical Products and Services. Such Physicians may be required by us to operate through a Practice. You must comply with all of our policies and procedures for interacting with the Physicians and such Practice and for making referrals of their services to customers. You must establish billing policies that we designate or approve. For example, you must comply with all of our policies and procedures for establishing payment relationships with and the sale or lease of Practice Management Services to such Physicians and such Practice. Notwithstanding the foregoing, you are responsible for ensuring that your business and its payment practices and relationships with the Physicians and Practice comply with all applicable law.

5.15. **Technicians and Medical Assistants.** We may require that you hire (or subject to our System Standards contract with) such numbers of qualified Medical Director(s), ARNPs, Physicians’ Assistants, nutritionists,

medical technicians, cosmetologists, medical assistants and similar types of personnel as we may designate from time to time (the “**Professionals**”). You must ensure that such Professionals are properly licensed in the states in which you operate, and you are responsible for compensating such Professionals in accordance with applicable law. In the event that applicable law prohibits you from receiving monies directly for the services provided by such Professionals, you must, in accordance with our System Standards, establish relationships with such Professionals such that the customers compensate them directly or which otherwise comply with applicable law. For example, we may require that such Professionals be employed by a Practice and that the services for them be billed through the Practice.

5.16. **Medical Director**. To operate your Business, we, or applicable law, may require that you must have among your Professionals and managers a Medical Director (“**Medical Director**”) who meets our minimum standards and specifications for being a medical director of a MEDI-WEIGHTLOSS CLINICS® Business. Your Professionals will function under the Medical Director’s protocols and license. If, for any reason your Medical Director withdraws from, is for any reason no longer acting, or is no longer capable of acting as your Medical Director, you must remain in compliance with all applicable laws, notify us immediately and thereafter immediately replace that Medical Director with one whom meets our minimum System Standards, and follow any of our other policies and procedures for replacement of a Medical Director. We also reserve the right to approve your Medical Director, and he/she must comply with the orientation and training procedures we designate from time to time. Therefore, your selection of a Medical Director, and maintaining him or her in that role, is subject to our approval. The Medical Director must agree to actively participate in communication networks, knowledge sharing and quality control methods we specify. Your medical Director’s role will include the responsibility to interact with, manage and be responsible for your relationships with the Physicians, other Professionals and the Practice. We may require your Medical Director to have an equity interest in your Business in a manner and amount we may periodically specify, if necessary to comply with applicable laws, rules or regulations.

5.17. **Compliance with Healthcare-Related Laws**. Without limiting your other obligations under this Agreement to comply with all applicable laws, you must ensure that your relationships with the Practice, Physicians and the Professionals, and the manner in which your Business provides the Products and Services complies with all applicable laws, rules, regulations, ordinances and standards of professional conduct. As indicated above, we may require you to restructure your compensation arrangements with us, the Practice, Physicians or the Professionals in order to comply with all applicable laws. You are responsible for ensuring that the Professionals and the Physicians, as well as any other healthcare-related professionals who are employed by or work with you in any manner, are properly licensed, certified, trained, educated and experienced to perform the tasks assigned to them or to which they are likely to engage in connection with their relationship with you, your clients or the MEDI-WEIGHTLOSS CLINICS® Business. You agree that, to the extent we designate or is otherwise prohibited by applicable law, you will not bill nor accept any form of insurance, including Medicare, Medicaid or private insurance, for or in connection with the services rendered or any other activity or service in connection with your customers. However, in limited circumstances, we, subject to our System Standards, may permit you to service customers whose services are paid for or reimbursed by self-insured companies or third party payors we designate or approve. You understand and agree that this limitation may restrict the customers/clients to which you market or provide services (such as prohibiting you from offering or selling to Medicaid and Medicare, or insurance reimbursed customers), and you willingly accept such limitation so that you may focus the activities of your Business, and limit them to, to the extent we may designate, cash payment on fee-for-service basis. By “**cash payment on a fee-for-service basis**,” we mean that you may charge your customers fees paid by credit card, with cash, debit card, checks or the like, which are paid directly by the customer and not by any public or private insurance carrier or fund.

5.18. **The Practice of a Profession**. You understand that: (i) we do not intend to be in the business of providing physician or professional medical services; (ii) activities ancillary to the conduct of your Business involve the Practice of Medicine; and (iii) as a franchise owner and operator of a MEDI-WEIGHTLOSS CLINICS® Business, this Agreement envisions that either the individuals, Physicians or Professionals with whom you, your customers or we contract, advise, counsel, supervise or employ may, to the extent permitted by applicable law, order tests, diagnose diseases or medical conditions, prescribe or conduct treatment of individuals, perform operations, prescribe drugs for

various human diseases, pain, injuries, deformities or other physical or mental conditions or engage in other activities commonly referred to as the “**Practice of Medicine,**” “**Practice of Pharmacy**” “**Nutritional Therapy**” or other professions requiring licensure, certification or training under applicable laws (the “**Practice of a Profession**”). The Practice of a Profession is the responsibility of the Physicians, Professionals and the Practice (if separate). In this regard, this Agreement envisions that, although Physicians (including the Medical Director) or Professionals may order tests, diagnose diseases or medical conditions, prescribe or conduct treatment of individuals, perform operations, prescribe drugs for various human diseases, pain, injuries, deformities or other physical or mental conditions, engage in other Physician Activities or the Practice of a Profession, or otherwise offer the Medical Products and Services, or engage in other activities commonly referred to as the “**Practice of Medicine**” requiring licensure, certification or training under applicable laws, the Practice of Medicine will not be performed by the franchisee -- you -- or at or in connection with your Business unless, and only to the limited extent that, the activities are (i) ancillary to the conduct of your Business and directly related to the MEDI-WEIGHTLOSS CLINICS® Program; and (ii) conducted in compliance with all applicable laws. Therefore, unless permitted by both applicable laws and us, the Practice will be a separate entity from you and be required to perform the Practice of Medicine. Even where the ownership of the Practice and you by Physicians is permitted, or where the employment of Physicians and Professionals is permitted by an entity owned by non-Physicians and non-Professionals, we may still require the Practice to be a separate entity. Except as set forth in the immediately preceding sentences, any Practice of Medicine by you, your owners, the Physicians, the Professionals, or any other persons must be performed at a location other than your Business. And we may require that your agreements with the Practice be approved by us. Our standard terms and conditions that we currently require to be included in such agreements are consistent with the terms and conditions of our Medical Practice Management Agreement provided as an Exhibit to our Franchise Disclosure Document and may be modified by our Manuals from time to time. However, we, or our predecessors and affiliates, do not and will not intentionally engage in the Practice of a Profession at or in connection with your Business. Furthermore:

- (a) **Licensure.** You acknowledge and agree that the Practice of a Profession and certain other medically related activities may be performed only by lawfully licensed or certified professionals, or in certain circumstances permitted by law under the direct supervision and control of a lawfully licensed certified professional. Accordingly, interpretation of data, testing and screening, manipulation or touching of the body, provision and diagnosis of nutritional and weight loss programs, and other services which require licensure, training or certification under applicable law, must only be performed by qualified trained and licensed professionals. For example, in some states operation of the medically supervised aspects of the MEDI-WEIGHTLOSS CLINICS® Program, or the prescribing or dispensing or pharmaceuticals through MEDI-WEIGHTLOSS CLINICS® Business(es) may be considered to be the Practice of Medicine or otherwise a Practice of a Profession, and you, your Professionals and Physicians may require a medical, pharmacology, pharmacy, or some other form of license to enter into, or perform services under this Agreement that are deemed a Practice of a Profession. For example, in all states, the individuals who engage in the Practice of Medicine (particularly the prescribing of medical treatment like pharmaceuticals) must be licensed physicians or otherwise be permitted by law to engage in the Practice of Medicine. We do not make, and have not made, any representations of any kind whatsoever that this Agreement does, or does not, violate: any laws governing the Practice of Medicine or Practice of a Profession, or the various legal doctrines prohibiting lay person ownership of businesses engaged in the Practice of Medicine--commonly referred to as the “**corporate practice of medicine**”; HIPAA; any federal or state law, rule or regulation governing Medicare or Medicaid, including state and federal laws regulating the relationships between providers and suppliers of health care products and services on one hand and physicians and other providers and suppliers of health care products and services on the other hand; the Fraud and Abuse provisions of the Medicare and Medicaid Statutes; state and federal laws governing self referral by physicians; fee splitting; patient brokerage prohibitions; anti-kickback prohibitions; or any other law, rule or regulation related to the field of medicine or public health. You are

responsible for ensuring that your Business and its relationships with Physicians, Professionals and Practice(s) comply with all laws, rules and regulations applicable to the operation of your Business. You should check the various state and federal laws and regulations governing the Practice of a Profession and the structure of entities involved with those fields. If we determine that applicable laws, rules or regulations require, or in our judgment it is prudent to do so, we may require you to sign and deliver to us our then-current form of Non-Corporate Practice of Medicine Addendum to our Franchise Agreement, which will modify and supersede conflicting terms of this Agreement (the “**Non-Corporate Practice Addendum**”) to the extent we deem necessary. Our current form of the Non-Corporate Practice Addendum is attached as an Exhibit to our Franchise Disclosure Document. You must provide to us such materials and information as we may designate to demonstrate that you are in full compliance with applicable laws.

- (b) **No Interference.** We may not and will not interfere with, supervise or assume any responsibility for you or your Professionals’, Physicians’ or other employees’, contractors’ or agents’ exercise of their medical professional judgment with respect to treatment of customers. This provision controls and modifies any other contrary provision of this Agreement that would in any manner affect or purport to limit the independent exercise of medical professional judgment by you, your Professionals, Physicians or employees, contractors or agents or that would require us to engage in any activity that would constitute the Practice of Medicine or any other form of a Practice of a Profession. All medical decisions, acts or omissions made by, or in connection with, any person in any way associated with your Business in the course of the Practice of Medicine or any other Practice of a Profession will be the decisions of the individual professionals involved and will not be affected by or attributed to us.
- (c) **Responsibility for Treatment.** You acknowledge and agree that we will in no way whatsoever be responsible for and you will indemnify us against any decisions, acts or omissions related to the medical treatment of, Practice of Medicine or any other Practice of a Profession in relation to, or violation of the privacy interests of any person in any way whatsoever associated with your Business. You agree to take all necessary measures to inform all individuals associated with and potential customers of your Business that we have no control over or responsibility for any person’s or persons’ Practice of Medicine or any other Practice of a Profession.

## **VI. FEES.**

6.1. **Franchise Fee.** On the Agreement Date, you must pay to us the amount we designate as the “**Franchise Fee**” in **Exhibit “A”** to this Clinic Franchise Agreement. The Franchise Fee is due in lump sum, and fully earned and non-refundable when paid. In return for the Franchise Fee, we grant the franchise to you and provide you with the initial training described in this Agreement.

6.2. **Initial Package Fee.** You must pay to us the Initial Package Fee designated in **Exhibit “B”** to this Clinic Franchise Agreement in lump sum on the Agreement date. The Initial Package Fee is fully earned and non-refundable. If you choose or purchase Additional Initial Package items from us prior to your commencing operations, we will not invoice you for such Additional Initial Package Fees until after your Opening Date.

6.3. **Administrative Support.** You must pay to us or our designee \$400 per month (the “**Administrative Support Fee**”), due on the Payment Day of each Accounting Period, as compensation to us or our designee for Software maintenance, updates and communications services support at times, to the extent and in the manner we designate. The first Payment Day for the Administrative Support Fee will be the date on which we authorize you to



commence use of the Software (following installation of the Software). We do not pro-rate the Administrative Support Fee if any period between payments is less than 1 month.

6.4. **License Fee.** In return for giving you access to confidential information relating to our System, you must pay to us or our designee a reoccurring license fee. When you sign this Agreement, you are required to pay us or our designee a license fee in the amount of \$25,000 (the “**Initial License Fee**”). Thereafter, you must pay us or our designee an annual license fee in the amount of \$25,000 for each Payment Year during the Term (the “**Annual License Fee**”). You can pay the Annual License Fee in lump sum within fifteen (15) days following the end of each Payment Year, or pay it in installments of \$2,083.34 per each month of each Payment Year. The Initial License Fee and Annual License Fee are fully earned and non-refundable when paid.

6.5. **Monthly Fee.** In return for our providing you the right to use the System during the term, you must pay to us a “**Monthly Fee**” in the amount of \$6,250 per Accounting Period during the first Payment Year and \$8,333.33 per Accounting Period in the 2<sup>nd</sup> and each subsequent Payment Year of the Term. The “**Accounting Period**” is monthly. The first “**Payment Year**” begins on the first day of the calendar month in which the Opening Date occurs. The “**Opening Date**” is the date we approve your Business to open and begin accepting clients. Each subsequent Payment Year commences on the anniversary of the Opening Date. You must pay us the Monthly Fee so that we receive it on or before the 3<sup>rd</sup> business day following the Report Day, or such other day as we may designate (the “**Payment Day**”) (currently Wednesday) for the immediately preceding Accounting Period. If it is determined that applicable laws or regulations will not permit the payment of the Monthly Fee in the manner contemplated, we may also require you to revise the method and calculation of payment of the Monthly Fee in the manner we designate to otherwise comply with applicable laws governing the corporate Practice of Medicine and the Practice of a Profession. We require you to pay all fees due us by electronic transfer. Such form is attached as an Exhibit to our Franchise Disclosure Document.

6.6. **Computer License/Proprietary Software Fee.** We require you to pay us \$333.33 per Accounting Period, or such other amount as we determine, on the Payment Day we designate, for access to our intranet site or other online services. And, we may require you to license software specifically developed or designed for us and we reserve the right to charge you initial and/or periodic fees for such software as we determine. Additional fees we may charge under this Section 6.6 will not exceed an additional initial computer license fee of \$2,500 and \$2,000 per month.

6.7. **Administrative Fee.** If you fail to pay any required costs, such as insurance, advertising expenses, etc. and we pay these costs for you, we reserve the right to charge you an administrative fee equal to 15% of the amount we paid on your behalf (the “**Administrative Fee**”). In addition, you must reimburse us for any amounts advanced on your behalf.

6.8. **Transfer Fee.** You or the transferee must pay us a Transfer Fee as described this Agreement. (See Section 15.3.)

6.9. **Additional Opening Team Fee.** Prior to the time your Business opens for business, we will provide you with an Opening Team consisting of at least one person for 2 days included in the Franchise Fee. If you request and we provide additional Opening Team members for additional days (more than 1 person or for more than 2 days), you must pay to us our then current fee for the Additional Opening Team Services provided (the “**Additional Opening Team Fee**”), which we determine based on the number of additional persons and number of additional days when the additional opening team services are provided. However, Additional Opening Team Fees will not exceed \$750 per Opening Team member per day or \$1,000 per trainee per day. In addition to the Additional Opening Team Fee, you are responsible for all travel, meals, living, airfare, hotel and other expenses associated with the Opening Team. The Additional Opening Team Fee is non-refundable and fully earned when paid. Unless otherwise agreed by us, the Additional Opening Team Fees are due within 15 days of our invoice to you.

6.10. **Additional Training Fees.** If we require you, your Managers/Medical Director, your personnel and/or any previously trained and experienced employees to attend additional training days, undergo extended initial training, be re-trained, or if, at any time after your Business opens, you hire additional management personnel or replace one or more of your Managers/Medical Directors, or if you request and we provide additional persons or staff to conduct training, you must pay our then current "**Additional Training Fees**" which will not exceed \$750 per trainer per day of training or \$1,000 per trainee per day of training. Additional Training Fees are due within 15 days of our invoice to you. Additionally, you are responsible for all costs of your trainees attending training.

6.11. **System Branding Fees.** During the first Payment Year, you must pay us \$2,000 each Accounting Period (our "**System Branding Fee**") payable on the Payment Day of the month following per each quarter Calendar Year. During the second and each subsequent Payment Year, you must pay us a System Branding Fee in the amount of \$3,000 on each Payment Day of each Accounting Period. The System Branding Fees are fully earned and non-refundable when paid.

6.12. **Training Expenses.** You must pay to us, as reimbursement, all of the expenses we incur if we arrange travel, living, meals or other miscellaneous expenses for the Opening Team, our trainers, and any persons including the Owner/Manager, staff, or any additional persons undergoing or conducting such training ("**Training Expenses**"). These Training Expenses also include the expenses for your own personnel to engage in the training at the time the Opening Team is at your Business. If we incur any such Training Expenses, we will bill you for them and you are responsible for payment to us within fifteen (15) days of the date of our invoice to you.

6.13. **Start-Up Advertising Campaign and Local Advertising.** In connection with your conducting the Start-Up Advertising Campaign, you agree to expend between Five Thousand and No/100 Dollars (\$5,000.00) and Fifteen Thousand and No/100 Dollars (\$15,000.00) for such purpose (the "**Start-Up Advertising Fees**"). We also require you to expend, in addition to the Start-Up Advertising Fees, an amount we designate in **Exhibit "A"** to this Clinic Franchise Agreement for Local Advertising Expenditures. If you fail to do either, we can spend these monies on your behalf and you must reimburse us for those expenditures.

6.14. **Electronic Funds Transfer.** We may require you to pay all future payments of the Monthly Fees and other fees due under this Agreement to us by electronic funds transfer. If we do so, we will designate the day of the week (the "**Payment Day**") for the Monthly Fee and/or other payments due us. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. In addition, on the Payment Day, you will report to us by telephone, electronic means (e.g. facsimile transmission or via e-mail, internet or intranet) or in written form, as we direct, your Business' true and correct Gross Sales and Adjusted Gross Sales for the immediately preceding Accounting Period. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to your Business' bank operating account (the "**Account**") for payments of Monthly Fees and other amounts due under this Agreement, including any applicable interest charges. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day.

6.15. **Definition of Gross Sales.** As used in this Agreement, the term "**Gross Sales**" means all revenue you derive from operating your Business, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding: (i) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (ii) customer refunds, adjustments, credits and allowances actually made by your Business. In the event your Business receives monies from the Practice, Physicians or Professionals, we will include such monies in the Gross Sales.

6.16. **Definition of Adjusted Gross Sales.** As used in this Agreement, the term “**Adjusted Gross Sales**” means Gross Sales less: (i) sums collected and actually paid by you for any sales, or other excise tax imposed by any duly constituted governmental authority in a state that prohibits the payment of Monthly Fees to us on such sales; and (ii) the bulk sale of your Business itself, if the same have been included in Gross Sales.

6.17. **Interest on Late Payments.** All amounts which you owe us will bear interest after their due date at the annual rate of eighteen percent (18%) or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, your Business. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

6.18. **Late Payment Penalties.** All Monthly Fees, System Branding Fee, amounts due for purchases by you from us, and any interest accrued thereon, and any other amounts which you owe us or our affiliates, are subject to a “**Late Payment Fee**” of five percent (5%) of the amount due. The Late Payment Fee is due immediately upon any delinquent payments and is in addition to any other fees due and payable to us. The provision in this Agreement concerning Late Payment Fees does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Business.

6.19. **Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us.

6.20. **Payment Offsets.** You acknowledge and agree that we have the right to set-off from any amounts that we may owe you or your owners or any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Monthly Fees, System Branding Fee, Late Payment Fees and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time-to-time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We will notify you monthly if we elect to do so.

6.21. **Discontinuance of Service.** If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6.22. **Other Fees.** In addition to the fees and payments listed in this Section 6, we have listed other fees, payments and amounts due for services and other items elsewhere within this Agreement, and you agree to pay such fees, payments and amounts in accordance with the terms and conditions of the Sections in which they appear. Unless otherwise stated in this Agreement, all fees due us are due within 15 days of our invoice to you.

6.23. **CPI.** All fixed dollar amounts used in the Franchise Agreement and any Addenda will be adjusted as of January 1st of each year in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by U.S. Department of Labor (or such equivalent index as may be adopted in the future) between January 1, 2008 and January of the then-current year (the “**Index**”). Each adjustment will be made effective as of January 1st based on the January Index, but the 1st adjustment will not be made until the 2nd January following the Agreement Date (i.e., for an Agreement Date of July 1, 2007, the 1st adjustment would be effective as of January 1, 2009). Our failure to adjust any fixed dollar amounts due to changes in the Index at any time does not constitute a waiver of our right to make future adjustments. However, we will not impose such adjustments retroactively.

6.24. **Compliance Fees.** At our option, we may require you to pay to us our then current per occurrence “**Compliance Fees**” if you violate certain System Standards that we designate as Level 1, Level 2 or Level 3 violations. The Compliance Fees vary based on the level of such violation. Compliance Fees are in addition to, and do

not reduce, waive, limit or replace any other enforcement rights, remedies, or damages available to us under law, equity or this Agreement. Compliance Fees are due within 15 days of our invoice to you. See **Exhibit “B”** to this Clinic Franchise Agreement for a list of the current Compliance Fees.

6.25. **Cold Start Fee/Cold Start Program.** If you are a “Cold Start” MEDI-WEIGHTLOSS CLINICS® Business, we may, if you meet our qualifications for our Cold Start Program, permit you to pay a lump sum “Cold Start Fee” in the amount of \$100,000 which is due on the date you execute this Agreement. If you pay the Cold Start Fee, we will waive, during your first calendar year of operations, the Administrative Support Fee, Monthly Fee, and Computer License/Proprietary Software Fee and System Branding Fee. Under the Cold Start Program, we do not waive the Franchise Fee, License Fee or Initial Package Fee, or any other fees except as described above. However, following your first calendar year of operations, the Administrative Support Fee, Monthly Fee and Computer License/Proprietary Software Fee will recommence according to the terms of Sections 6.3, 6.5 and 6.6 of this Agreement. If you elect to pay the Cold Start Fee and we permit you to do so, your choice will be indicated on **Exhibit “A”** to this Clinic Franchise Agreement.

## **VII. TRAINING AND ASSISTANCE.**

### **7.1. Initial Training.**

- (a) **Owner/Manager Training.** Before your Business opens, we will furnish our initial training program (“**Owner/Manager Training**”) on the operation of a MEDI-WEIGHTLOSS CLINICS® Business to you (or, if you are a Business Entity, a person having management rights and powers (e.g. officers, managers, partners, etc.) (“**Manager(s)**”), and up to two (2) other managerial employees you elect to enroll in the training program. Owner/Manager Training for three (3) persons is included with the Franchise Fee. You and the other two trainees must complete the Owner/Manager Training to our satisfaction. The timing of the training currently ranges from two (2) to five (5) days of training for you (or your Manager) and your managerial employees. It will be furnished at our designated training facilities and/or an operating MEDI-WEIGHTLOSS CLINICS® Business.
- (b) **Opening Team.** We provide you with an “**Opening Team**” of personnel we designate, and at such times as we designate, to assist with your opening and initial staff training at your Business. The Opening Team of at least one (1) member for up to two (2) days is included with the Franchise Fee. You must participate in our conducting Opening Team activities while at your Business and we provide training to your staff and to you while the Opening Team is at your Business. At our option, you must provide an alternative training facility if we feel that construction or other distractions prevent us from satisfactorily performing the training at your Business.

7.2. **Completion of Initial Training.** Successful completion of the initial Owner/Manager Training and any additional or extended initial training we require (including training of your Manager and managerial employees and staff) is a condition to the opening of the MEDI-WEIGHTLOSS CLINICS® Business to the public.

7.3. **Staff Training Program.** All of your staff must complete on-the-job training. All staff must be trained by an instructor approved by us. Generally, this initial training is conducted while the Opening Team is at your Business. We may require you to provide this training to your staff after the Opening Team is finished. You are responsible for all costs of your staff attending the training.

7.4. **Professional Training.** Before your Business opens, our designee will furnish an initial training program lasting approximately two (2) to five (5) days for up to two (2) Professionals and other employees or independent contractors working for or in connection with your Business, at no additional charge (the “**Professional Training**”) if your Physicians and Professionals are employed by you. If we or your state require that your Professionals and Physicians be employed by a Practice, then the Practice will be responsible for our designees’ then current fees for such Professional Training. The Professional Training lasts approximately two (2) to five (5) days and may be furnished at our designee’s designated training facility. Each of your Physicians and other Professionals is required to complete the Professional Training to our satisfaction. We, in our sole judgment, may require other employees or independent contractors employed by or working with you, to attend, and complete Professional Training to our and our designee’s total satisfaction. We, in our sole judgment, may, or may permit our designee to change, modify, amend or designate the content of the Professional Training. You or the Practice must pay to our designee a fee in the amount our designee established (up to of \$1,000 per person per day) for the third and each subsequent person who attends the Professional Training or for additional days of their Professional Training. You are responsible for all travel, living, professional liability insurance, and compensation expenses associated with such persons who attend the Professional Training. If we or our designee determine that any of your Physicians or other Professionals are unable to complete the Professional Training to our or our designee’s satisfaction and you continue to employ such Physicians or Professionals, we have the right to terminate this Agreement.

7.5. **Additional Training.** We may require you (or your Manager/Medical Director and/or previously trained and experienced employees/ Staff to attend periodic refresher training courses at such times and locations that we designate. If we require you, your Managers and/or any previously trained and experience employees to re-take or attend additional or extended initial training, or if, at any time after your Business opens, you hire additional management personnel or replace one or more of your Managers/Medical Directors, the employees must satisfactorily complete our additional training program at your expense (“**Additional Training**”).

7.6. **General Guidance.** We will advise you from time-to-time regarding the operation of your Business based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

- (a) standards, specifications and operating procedures and methods utilized by MEDI-WEIGHTLOSS CLINICS® Businesses;
- (b) purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;
- (c) Product and Service inventory practices and purchasing practices;
- (d) use of suppliers, approved products, volume buying;
- (e) advertising and marketing programs, sales, pricing policies and the like;
- (f) employee, and management training;
- (g) your relationships with Physicians, Professionals and Practices; and
- (h) administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our Manuals, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or your Business.

At your request, we will furnish additional guidance and assistance. If your requests for additional or special training and guidance are, in our opinion, excessive we may charge you a fee to cover expenses that we incur in connection with such training or guidance, including per diem charges and travel and living expenses for our personnel.

## **VIII. MARKS.**

8.1. **Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of your Business at the Site pursuant to, and in compliance with, this Agreement and all System Standards we prescribe from time-to-time during its Term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your Business in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

8.2. **Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of your Business, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Manuals or otherwise. We may require you to place a conspicuous notice at a place we designate in your Business identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not comply, we may accomplish this task as we see fit and place the notice or identification anywhere we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of your Business or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at your Business, on supplies or materials we designate, and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

8.3. **Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

8.4. **Discontinuance of Use of Marks.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, including the complete replacement of any Mark or Copyright and/or the use of other Marks or Copyrights (due to merger, acquisition, or otherwise), you agree to comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing your Business' signs. However, we will not indemnify you or reimburse you for any fees or disbursements to any attorney you retain in connection with the changing of your Business' signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

8.5. **Modification of Marks.** If it becomes advisable at any time for us and/or you to modify or discontinue the use of any Marks, and/or for your MEDI-WEIGHTLOSS CLINICS® Business to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions, within a reasonable time after receiving notice, to notify or otherwise discontinue the use of such Marks, or use one or more additional trademarks or service marks. We have no liability or obligation to you for such modification or discontinuance.

8.6. **Copyrights.** You recognize that the various other materials we give you are subject to copyrights we own or license from others. Your right to use any information capable of being rendered into a tangible form that we claim as our copyrights, including spreadsheets, pro forma documents, forms, marketing materials, manuals, pricing lists, vendor lists, modifications to software, our website, and any marketing materials, advertisements, TV ads, radio commercials and the like (including the look, compilation, feel and content) (collectively, the “**Copyrights**”) are derived solely from this Agreement and limited to your operation of your Business. Your, your agents’, employees’ and affiliates’ unauthorized copying, transmission, use or derivative of the Copyrights in any manner will be a breach of this Agreement and constitute your and their infringement of our rights in and to the Copyrights. This Agreement does not confer any rights to the Copyrights in you other than the right to use them in connection with the operation of your Business. You must follow all of the policies and procedures we designate from time-to-time for the protection of any Copyrights and any other materials which could be subject to copyright protection. All provisions of this Agreement applicable to your use of the Copyrights apply to any additional copyrights we authorize you to use during the Term of this Agreement. You must place copyright notices on all of the other materials that we designate, in the manner we require. You recognize that we will grant other franchisees the right to use the Copyrights as well. You agree to sign and deliver to us such forms of copyright assignments or licenses we specify for any copyrights you develop or modify for use in your Business and to cause all persons you engage to do so also. We may, and you must assist us with our efforts to file in our name, and indicating our ownership in, copyright registrations on all copyrightable materials created or modified by you. We may, without notice to you, immediately suspend or terminate your access to or use any services, copyrights or other information or systems contemplated under this Agreement if we determine that you, your agents, employees or affiliates have violated our Copyrights or otherwise breached this Agreement with respect to protecting our Confidential Information.

8.7. **Copyright Infringements.** You must notify us immediately, in writing, of any apparent infringement of any of the Copyrights, or any challenge to your use of any of the Copyrights, or of any claim by any person of any rights in the Copyrights. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate. We have the right to control exclusively any dispute, litigation, U.S. Copyright Office proceeding or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Copyrights, including the right to direct any settlement of such claim. You will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any dispute, litigation or administrative proceeding involving the Copyrights or otherwise to protect and maintain our interests in the Copyrights. You may not at any time during the Term of this Agreement or thereafter, contest the validity or ownership of any of the Copyrights, or assist any person in contesting the validity of ownership of any of the Copyrights.

8.8. **Discontinuance.** You must immediately modify or discontinue the use of any Copyrights as we direct from time-to-time. We will use commercially reasonable efforts to give you as much notice as possible before requiring you to stop use of any of the Copyrights. However, we have no liability or obligation to you for doing so.

8.9. **Marks and Copyright Indemnification.** We will indemnify and defend you against, and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not

indemnify you against the consequences of your use of the Marks, or any Copyrights: (a) for any Marks or other Copyrights which you develop or submit to us (regardless if they become, or have become our property); (b) unless your use of such Marks or Copyrights we provide was and is accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Marks or Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

#### 8.10. **Software License.**

- (a) **Grant of Software License:** Subject to the terms and conditions of this Agreement and our agreements with our licensors or vendors, we may grant to you a non-exclusive, non-transferable and non-sublicensable license to use the Software, if any during the Term as follows:
  - (i) If we grant you the right to use any Software, you may use the Software during the Term solely within the scope of your operation of your MEDI-WEIGHTLOSS CLINICS® Business under this Agreement for your internal operations and business purposes in accordance with this Agreement. The Software may be installed or used only on your owned or controlled computers which are part of the Computer System and only in accordance with MEDI-WEIGHTLOSS CLINICS® System Standards. Software may be installed and used only to enable you and your employees to use the Software in accordance with this Agreement.
  - (ii) **Software Restrictions.** The Software may be used only up to the capacity for which you have been authorized to use it under this Agreement and as may be more fully described in the Manuals from time-to-time. You are responsible for all use of the Software and for compliance with this Agreement; any breach by you or any user or third party whom you authorize to use the Software or provide access to it will be deemed to have been incurred by you.
  - (iii) **Copies.** We may permit you to make a reasonable number of copies of the Software if you follow all of our System Standards for doing so for back-up purposes. However, you must notify us of your intent to do so and obtain our prior written permission before doing so. Portions of the Software may not be used independently of the Computer System and your operation of your MEDI-WEIGHTLOSS CLINICS® Business.
- (b) **No Reverse Engineering:** You must not decompile or reverse engineer any executable code we provide (e.g. to reveal the corresponding source code), except to the minimum extent permitted by law. You will not avoid, circumvent, or disable any security device, procedure, protocol, or mechanism that we may include, require or establish with respect to the Software. You will not delete, alter, cover, or distort any copyright, trademark or other proprietary rights notice placed by us on or in the Software, and will ensure that all such notices are reproduced on all copies of the Software.
- (c) **Reservation of Rights:** The Software may not be used except as expressly authorized in this Agreement. We reserve all rights not expressly granted.



- (d) **Ownership:** Between you and us, the Software (and all copies and derivatives) is, and at all times will remain, our (and our licensors') sole and exclusive property, including all copyrights and other intellectual property rights in or to such Software. Except as otherwise expressly provided, you agree that neither you nor any third party will obtain any express or implied rights in or to any part of the Software. We deem the Software to be part of the Copyrights.
- (e) **Protection from Unauthorized Use:** You will take all steps we designate to protect the Software from any use, reproduction, publication, disclosure or distribution that is not specifically authorized by this Agreement. You will ensure that you and your agents or employees not disclose their user IDs and passwords to any person or entity other than on a need-to-know basis. You will be responsible for the security of its user IDs and passwords, and will immediately notify us of any suspected or actual theft, loss or fraudulent use of them.
- (f) **Support Services:** During the Term of this Agreement, we will provide limited Software support services to the extent we deem necessary and appropriate in the manner we designate from time-to-time in the Manuals.
- (g) **Updates:** All updates, patches, bug fixes, modifications, enhancements and new versions of the Software and all other deliverables and work product we develop for such Software and MEDI-WEIGHTLOSS CLINICS® Business provided to you, if any, will be subject to the terms and conditions of this Agreement, unless otherwise expressly agreed in writing by us. Our Software support services for such Software, if any, extend only to the Software free of any additions or modifications that have not been made by us or our agents, or approved by us in writing. Further, such support services extend only to the most current version of the Software as used on or in the hardware, platforms and operating environment(s) designated by us for use with the Software. Our support services also do not include the following and we have no responsibility or liability for:
  - (i) Addressing errors, defects, or damage in or to the Software resulting from causes other than those arising in the ordinary permitted use of the Software, or from the use of third party software, firmware or data, or from the use of hardware not meeting our minimum recommended configuration;
  - (ii) Providing hardware-related services;
  - (iii) Providing training to your personnel except as described in this Agreement; or
  - (iv) Developing or otherwise providing you with additional features, functionality, or customizations to the Software.
- (h) **Your Responsibility:** You agree to fully cooperate with us in the performance of our Software support services, including by providing us with such timely, accurate and complete information and reasonable access to your personnel and facilities as we may require or request. To the extent you delay or fail to satisfy your obligations to us, we will be relieved of our obligations under this Agreement. You must purchase or license from us or our designees (and pay the then current fees for) such additional Software licenses, programs, modules or the like, in the manner we designate, to accommodate increases or decreases in the number of Products and Services you market, sell or otherwise provide.

- (i) **Discontinuation of Use:** We will have no responsibility for: (i) any use of the Software after we have notified you to discontinue use; (ii) the combination or use of the Software with content, assets, technology or other materials not supplied by us; or (iii) alteration of the Software or use of a version of the Software that has been superseded by a newer version. We also have no obligation to develop or grant you the right to use any Software.

8.11. **Warranty Limitations.** WE, AND OUR AFFILIATES, IF ANY, DISCLAIM ANY WARRANTIES OF ANY NATURE WHATSOEVER, WHETHER EXPRESS, WRITTEN, ORAL, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR ANY WARRANTIES ARISING UNDER THE UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT, HOWEVER ENACTED IN ANY STATE OR JURISDICTION AND ANY WARRANTIES UNDER ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE (AS APPLIED IN FLORIDA OR ANY STATE) WITH RESPECT TO THE CLINIC MANAGEMENT SYSTEM, COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), ANY OTHER PRODUCTS, SERVICES, EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THE SERVICES AND FUNCTIONS THEY PERFORM AND THEIR DESIGN. NEITHER WE NOR OUR AFFILIATES ARE LIABLE UNDER ANY CIRCUMSTANCES TO YOU FOR ANY CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL OR COLLATERAL DAMAGES OF ANY NATURE WHATSOEVER IN CONNECTION WITH THE CLINIC MANAGEMENT SYSTEM, COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THEIR DESIGN (INCLUDING YOUR RIGHT TO USE, DELIVERY, INSTALLATION AND YOUR USE OF THEM), THE SERVICE AND FUNCTIONS THEY PERFORM (OR FAIL TO PERFORM), THEIR DESIGN AND THIS AGREEMENT, WHETHER BY REASON OF IMPERFECTION OR DEFECT IN THEM OR IN THEIR PERFORMANCE, OUR (OR ANY OF OUR AFFILIATES') BREACH OR OTHERWISE, EVEN IF WE (OR OUR AFFILIATE) ARE ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, REGARDLESS OF WHETHER THEY ARE BASED IN TORT OR IN CONTRACT. IF WE (OR OUR AFFILIATES) DO NOT CAUSE THE CLINIC MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR ANY OF OUR AFFILIATES TO PERFORM IN ACCORDANCE WITH THE SPECIFICATIONS, THEN YOUR SOLE RECOURSE AND REMEDY WILL BE FOR US (OR OUR AFFILIATES), AT OUR (OR THEIR) ELECTION, TO REPLACE THE CLINIC MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES WITH ANOTHER ONE WHICH PERFORMS IN ACCORDANCE WITH SPECIFICATIONS. IN NO CASE WILL OUR LIABILITY EXCEED THE COST OF THE CLINIC MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES WHICH YOU RECEIVE FROM US OR OUR AFFILIATES ON WHICH A CLAIM FOR DAMAGES IS BASED. HOWEVER, WE WILL ASSIGN TO YOU ANY WARRANTIES FROM THE MANUFACTURERS OF ANY OF THE COMPONENTS OF THE CLINIC MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES. THESE WARRANTIES MAY BE VOIDED BY MISUSE, ACCIDENT, MODIFICATION AND FAILURES FOR WHICH WE ARE NOT DIRECTLY RESPONSIBLE.

## **IX. CONFIDENTIAL INFORMATION.**

9.1. **Types of Confidential Information.** We possess (and will continue to develop and acquire) certain confidential information (the “**Confidential Information**”) relating to the development and operation of MEDI-WEIGHTLOSS CLINICS® Businesses, which includes (without limitation):

- (a) the System and the know-how related to its use;

- (b) plans, specifications, size and physical characteristics of MEDI-WEIGHTLOSS CLINICS® Businesses;
- (c) site selection criteria, land use and zoning techniques and criteria;
- (d) methods in obtaining licensing and meeting regulatory requirements;
- (e) sources and design of equipment, furniture, forms, materials and supplies;
- (f) marketing, advertising and promotional programs for MEDI-WEIGHTLOSS CLINICS® Businesses;
- (g) staffing and delivery methods and techniques for personal services;
- (h) the selection, testing and training of Managers/Medical Directors and other employees for MEDI-WEIGHTLOSS CLINICS® Businesses;
- (i) the recruitment, qualification and investigation methods to secure employment for employment candidates;
- (j) MEDI-WEIGHTLOSS CLINICS® Advantage software including all programs, tools, and materials contained therein, such as the proprietary MEDI-WEIGHTLOSS CLINICS® Electronic Medical Records software, and knowledge of the information tracked by such software;
- (k) all other computer Software we make available or recommend for MEDI-WEIGHTLOSS CLINICS® Businesses;
- (l) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of MEDI-WEIGHTLOSS CLINICS® Businesses, including but not limited to patient flow estimates, growth patterns, expenses, and pricing modules;
- (m) knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;
- (n) recipes, formulas, preparation methods and serving techniques for Products and Services;
- (o) knowledge of operating results and financial performance of MEDI-WEIGHTLOSS CLINICS® Businesses other than those operated by you (or your affiliates);
- (p) information provided through MEDI-WEIGHTLOSS CLINICS® training, including but not limited to, class presentations and handouts, video and audio presentations, WebNRs, Medi-Alerts, Medi-News, and in the field training;
- (q) information obtained through MEDI-WEIGHTLOSS CLINICS® compliance audits;
- (r) information contained in the MEDI-WEIGHTLOSS CLINICS® Manuals (Start Up, Operations, and Physician's Manual);
- (s) knowledge of MEDI-WEIGHTLOSS CLINICS® proprietary MIC injection and B6/B1 injection;

- (t) all forms and information contained in the MEDI-WEIGHTLOSS CLINICS® New Patient Package, Short-Term Maintenance Packet and Wellness Packet; and
- (u) all knowledge and information regarding MEDI-WEIGHTLOSS CLINICS® supplements and food recipes.

9.2. **Disclosure and Limitations on Use.** We will disclose much of the Confidential Information to you and personnel of your Business by furnishing the Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Business, you or your employees may develop ideas, concepts, methods, techniques or improvements (“**Improvements**”) relating to your Business, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of MEDI-WEIGHTLOSS CLINICS® Businesses. Improvements will then also constitute Confidential Information.

9.3. **Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Business, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

- (a) will not use the Confidential Information in any other business or capacity;
- (b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- (c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and
- (d) will adopt and implement all reasonable procedures we may prescribe from time-to-time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of non-disclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential Information.

9.4. **Exceptions to Confidentiality.** The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

- (a) disclosure or use of information, processes, or techniques which are generally known and used in your Business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and
- (b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

## **X. EXCLUSIVE RELATIONSHIP.**

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among MEDI-WEIGHTLOSS CLINICS® Businesses if franchised owners of MEDI-WEIGHTLOSS CLINICS® Businesses were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

- (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than your Business;
- (b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;
- (c) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located;
- (d) recruit or hire any person who is our employee or the employee of any MEDI-WEIGHTLOSS CLINICS® Business without obtaining the prior written permission of that person's employer; or
- (e) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under this Agreement to develop and operate your MEDI-WEIGHTLOSS CLINICS® Business or otherwise (other than MEDI-WEIGHTLOSS CLINICS® Businesses operated under franchise agreements with us), unless your MEDI-WEIGHTLOSS CLINICS® Business is managed by a Chief Operating Officer, approved by us, that has satisfactorily completed our training programs. This provision does not prohibit passive investments in other Clinics. However, an interest in a business in which your capacity is either a director, officer or majority stockholder (or any combination thereof) does not constitute a passive investment, and will be considered a breach of these provisions of this Agreement.

The term "**Competitive Business**" as used in this Agreement means any business (other than a MEDI-WEIGHTLOSS CLINICS® Business operated under a franchise agreement with us) or facility owning, operating or managing, or granting franchises or licenses to others to do so, any clinic or other business or facility that offers physician monitored or non-physician supervised weight loss, weight management, nutritional or health products and services, any Practice Management Services or any other products or services that are the same or similar to the Products and Services (including Other Services) then offered by MEDI-WEIGHTLOSS CLINICS® Businesses.

## **XI. OPERATION AND SYSTEM STANDARDS.**

11.1. **Operations Manuals.** We will loan you (or make available on-line or via other electronic format), during the term of this Agreement, one (1) copy of our manuals (the "**Manuals**"), consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer Software and written materials) that we generally furnish to Franchisees from time-to-time for use in operating a MEDI-WEIGHTLOSS CLINICS® Business. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we prescribe from time-to-time for the operation of a MEDI-WEIGHTLOSS CLINICS® Business

and information relating to your other obligations under this Agreement and related agreements. We, in our sole discretion, may make the Manuals accessible to you on-line or via other forms of electronic format like, using the Internet or on Intranet or CD-Rom (instead of loaning one (1) copy of it to you). You agree to follow the standards, specifications and operating procedures we establish periodically for the MEDI-WEIGHTLOSS CLINICS® System that are described in the Manuals. You also must comply with all updates and amendments to the MEDI-WEIGHTLOSS CLINICS® System as described in newsletters or notices we distribute, including via Computer System or other media we select. The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manuals for changes to them. If we make the Manuals accessible to you on-line (or electronic format), we will not send to you printed copies of any changes to them. However, any form of the Manuals accessible to you on-line is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. You agree to keep your printed copy of the Manuals (if any) current and in a secure location at your Business. In the event of a dispute relating to the contents of any printed copy of the Manuals, the master copy of the Manuals we maintain at our principal office will be controlling. However, in the event we utilize on-line Manuals, the most recent on-line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals. If your copies of the Manuals are lost, destroyed or significantly damaged, you agree to obtain replacement copies at our then applicable charge which currently is One Hundred and No/100 Dollars (\$100.00) (unless we have made on-line Manuals accessible to you. If so, you may utilize the on-line Manuals instead of purchasing other printed Manuals).

11.2. **Compliance with System Standards.** You acknowledge and agree that your operation and maintenance of your Business in accordance with System Standards is essential to preserve the goodwill of the Marks and all MEDI-WEIGHTLOSS CLINICS® Businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain your Business in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. System Standards may regulate any one or more of the following with respect to your Business:

- (a) design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;
- (b) quantities, types, models and brands of required Products, Services, fixtures, furnishings, equipment, signs, Software, materials and supplies;
- (c) designated or approved suppliers of fixtures, furnishings, equipment, signs, Software, products, materials and supplies;
- (d) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others;
- (e) sales, marketing, advertising and promotional programs and materials and media used in such programs;
- (f) use and display of the Marks;
- (g) staffing levels for your Business, and qualifications, training, dress and appearance of employees;

- (h) days and hours of operation of your Business;
- (i) participation in market research and testing and product and service development programs and customer satisfaction programs;
- (j) acceptance of credit cards, gift certificates, coupons, frequent customer programs, and payment systems and check verification services;
- (k) bookkeeping, accounting, data processing and record keeping systems, including Software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;
- (l) types, amounts, terms and conditions of insurance coverage required to be carried for your Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for your Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;
- (m) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or your Business; and
- (n) regulation of such other aspects of the operation and maintenance of your Business that we determine from time-to-time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and MEDI-WEIGHTLOSS CLINICS® Businesses.

You agree that System Standards prescribed from time-to-time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

**11.3. Modification of System Standards.** We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in your Business (“**Capital Modifications**”) and/or incur higher operating costs. However, such modifications will not alter your fundamental status and rights under this Agreement. We will not obligate you to make any Capital Modifications when such investment cannot, in our reasonable judgment, be amortized during the remaining term of this Agreement, plus all eligible successor periods, unless we agree to extend the term of your franchise so that such additional investment, in our reasonable judgment, may be amortized; unless such investment is necessary in order to comply with applicable laws. If a Capital Modification requires an expenditure of more than Twenty-Five Thousand and No/100 Dollars (\$25,000.00) we agree to give you ninety (90) days from the date such request is made to comply with such Capital Modification. If the Capital Modification requires an expenditure of more than One Hundred Thousand Dollars (\$100,000.00), we will give you one hundred eighty (180) days from the date such request is made to comply with such Capital Modification. You are obligated to comply with all other modifications to System Standards, including Capital Modifications, within the time period we specify. In no event will we require you to spend in excess of thirty-five percent (35%) of our high initial estimate of the cost of the sum of leasehold improvements and furniture, supplies, fixtures and equipment from our Franchise Disclosure Document (Item 7) or \$100,000.00, whichever is greater, during the term of this Agreement in connection with Capital Modifications.

11.4. **Interior and Exterior Upkeep.** You agree, at all times, to maintain your Business' interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of your Business established in the Manuals and by federal, state and local laws.

11.5. **Hours of Operation.** You agree to operate your Business during the hours and on the days prescribed by us in the Manuals or otherwise approved in advance in writing by us.

11.6. **Accounting, Computers and Records.** It is your responsibility to obtain accounting services and any required hardware or software related to them. You will at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information. To the extent we require support for accounting software used by you, such support will only be provided with respect to the accounting Software then used by us in the operation of our own (or our affiliates' own) MEDI-WEIGHTLOSS CLINICS® Business.

11.7. **Computer System.** We may require that you acquire, license and use in developing and operating your MEDI-WEIGHTLOSS CLINICS® Business a Computer System consisting of the computer services, components, equipment, computer hardware, telecommunications equipment or services, the software used in connection with the Clinic Management System or other operating or communications software we designate or approve for use by MEDI-WEIGHTLOSS CLINICS® Business (collectively, the "Software") that we may periodically specify in the manner we designate (collectively, the "Computer System"). We may require you to obtain specified computer and communications hardware, equipment, components or Software and services (like DSL, Frac, T 1, Cable Modem or ISP) and may modify specifications for and components of the Computer System from time-to-time. We may require you to acquire the highest speed communications capabilities (like DSL, Frac, T 1, Cable Modem or ISP) available in your area. Our and our designees' modifications and specifications for components, equipment, services and operating or communications of the Computer System may require you to incur costs to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or Software and to obtain service and support for the Computer System during the Term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications) operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the Clinic Management System and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in MEDI-WEIGHTLOSS CLINICS® Businesses that we or they own and operate. For example, we may require you to purchase additional "modules" or "user" licenses and upgrades to the Software. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with our Computer System performing the functions we designate for the Clinic Management System, permitting us to review the results of your Business' operations, and engaging in any e-commerce activities that we designate or approve. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary Software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. From time-to-time, upon our notice to you, you must enter into the then current form of such Computer System or Software related agreements as we may designate. You must not use the Computer System for any purposes not authorized by us. A copy of our Website/Computer Policy is attached to this Agreement. Prior to your MEDI-WEIGHTLOSS CLINICS® Business opening date, we will add your MEDI-WEIGHTLOSS CLINICS® Business' contact information to our website "location" page and provide you access to our Extranet which serves as an on-line repository of approved forms, advertising materials and the like. Your signing this Agreement or use of our Computer System or website binds you and any user (for example, your employees) to that Website/Computer Policy.

11.8. **Trade Accounts and Taxes.** You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay all taxes incurred in connection with your Business' operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not



required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

11.9. **Retail Prices.** Subject only to limitations imposed by applicable law, we may designate maximum or minimum retail prices for the Products or Services you offer and sell.

11.10. **Approved Products.** You agree to only sell the Products and Services or other items at the Business that we have previously approved for sale (i.e., the Products and Services) and no others. You agree to only use Product and Service offerings that have been prescribed or approved (except for prices if prohibited by applicable law) in advance by us. You agree to sell all the Products and Services prescribed or approved by us, and no others. You will immediately implement changes to the Products and Services requested by us, including advertising changes. You agree to maintain an inventory of Products and Services sufficient to meet the daily demands of your Business and as designated in our System Standards.

11.11. **Security Interests.** We have the right to file liens on your inventory and you agree to cooperate with us and file any documents we designate as necessary for us to obtain, file, record and or maintain security interests in your inventory as collateral for performance of your obligations to us under this Agreement.

11.12. **Clinic Personnel.** You agree to hire, train and supervise clinic employees in accordance with the specifications set forth in the Manuals. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment.

11.13. **Management.** Unless we agree otherwise, you (or one of your owners) must assume responsibility for your Business' day-to-day management and operation of your Business, and supervise your Business' personnel. You must at all times faithfully, honestly and diligently perform your obligations under this Agreement, continuously exert your best efforts to promote and enhance your Business and not engage in any other business or activity that conflicts with your obligations to operate your Business in compliance with this Agreement. Your Business must at all times be under your (or one of your owners) direct supervision and control, unless you employ trained management personnel approved by us who will be on-site and act at your direction. We may request that you hire a Physician who will be responsible for the supervision of your Business and such other responsibilities as we may designate in the Manuals from time to time in accordance with applicable state laws.

11.14. **Personnel.** You must hire, train and supervise your Business' personnel in accordance with the specifications set forth in the Manuals and your obligations under this Agreement. All personnel must meet every requirement imposed by applicable federal, state and local law and those required by us as a condition to their employment. All persons you employ that have access to any of the Confidential Information must sign a confidentiality and non-solicitation and non-competition agreement that protects our rights under this Agreement. Subject to applicable employment laws and/or employment contracts, you agree to terminate and replace any member of your personnel if we reasonably determine, at any time, that such person is not qualified to serve at your Business. You will not employ, contract with or permit any person to perform services for your Business who has not been trained satisfactorily by you, has not signed a Confidentiality, Non-Solicitation and Non-Competition Agreement (**Exhibit "D"** to this Clinic Franchise Agreement), or is not appropriately licensed under applicable state laws.

11.15. **No Resale.** You will not resell, lease to anyone, loan or permit anyone else to use your Business or the Operating Assets in any manner we do not expressly approve. You have no right to sublicense, lease, loan, sell or otherwise dispose of any interest in your Business, Clinic Materials or Operating Assets, except as otherwise described in this Agreement. You will not engage in any wholesale business or sublicensing of the Foundational Products and Services, the Branded Products, the Ancillary Products or any related products you buy from us or Approved Suppliers.

11.16. **Shipment and Allocation.** To place an order for Operating Assets, Clinic Materials or Foundational Products and Services, Branded Products and Ancillary Products from us, our affiliates or our designee, you must notify us in writing or otherwise in the precise manner designated in our Manuals for placement of orders, which we may change, alter or amend from time to time. No orders will be effective unless we have communicated acceptance to you in writing, received payment in full of the initial franchise fee and the then-current applicable fee for such order and have commenced shipment to you. We make no representations to you regarding the time of shipments of equipment to you from the time we or any supplier accepts your order. You recognize that timing may vary based on a multitude of factors, many of which are beyond our control, since we may obtain Operating Assets or Clinic Materials for them or from our own manufacturing or supply sources; and subject to this Agreement. You also understand and acknowledge that we and the Approved Suppliers have other uses for the Operating Assets or Clinic Materials or their components or other equipment and we or they may allocate orders or uses of them among these competing sources as we or they see fit.

11.17. **Inspection and Acceptance.** You must inspect the Foundational Products and Services, Branded Products, Ancillary Products, Clinic Materials and Operating Assets immediately when you receive them and promptly notify us in writing of any defects in accordance with our inspection and acceptance policies we may designate from time to time. They will be deemed accepted by you if we or the applicable supplier have not received any claim of defect from you within 5 business days. For all items we or our designees ship, unless otherwise indicated in the Manuals, orders are shipped F.O.B., so that the risk of loss, casualty or damage to whatever was ordered passes to you as soon as we or our designee deliver it to the carrier for shipment or to you at our headquarters or other origination point of shipment.

11.18. **Due Care.** At all times, you must operate your Business, and treat and utilize, Clinic Materials, Operating Assets, the Foundational Products and Services, the Branded Products, and the Ancillary Products with due care and in strict accordance with the System Standards and any other instructions we (or our affiliate) provide to you. You must comply with all System Standards in providing the MEDI-WEIGHTLOSS CLINICS® Program and any other Approved Service and preparing, providing, selling and delivering the Foundational Products and Services, and the Branded Products. You must promptly report any damage or defect to us. You must not sell or otherwise provide any product or service to clients if it fails to meet our System Standards.

11.19. **Business Safety.** You must maintain a safe Business and safely maintain, offer, use and provide Operating Assets, Clinic Materials, the MEDI-WEIGHTLOSS CLINICS® Program, Approved Services, the Foundational Products and Services, the Branded Products, the Ancillary Products and any other items and services in strict accordance with the System Standards or any other instructions we provide you.

11.20. **Risk of Loss.** You assume all risk of loss, theft, damage, requisition of use and destruction to your Business and its contents from any cause whatsoever. You must insure them in accordance with the insurance provisions of this Agreement.

11.21. **Maintenance.** You must comply with and perform all maintenance procedures we (or our affiliate) specify periodically in any Manual or other instructions.

11.22. **Third-Party Rights.** You recognize that certain components and proprietary technology utilized by your Business may be furnished to you under a sublicense or license we have obtained from a third-party owner, developer or manufacturer. You agree to take such actions and sign such documents as we reasonably may request on behalf of such third party in connection with such sublicense.

## **XII. MARKETING AND PROMOTION.**

12.1. **Establishment of System Development Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of MEDI-WEIGHTLOSS CLINICS® Businesses, we have the right to establish a system-wide development, marketing and promotional fund (the “**System Development Fund**”) for such advertising, marketing, public relations and system-wide benefit programs and materials we deem necessary or appropriate. The System Development Fund is intended to maximize recognition of the Marks and patronage of MEDI-WEIGHTLOSS CLINICS® Businesses and enhance the operations of MEDI-WEIGHTLOSS CLINICS® Businesses. You must pay to us, or our designee, the System Branding Fee we designate as set forth in Section 6.11. We reserve the right to defer or reduce System Branding Fee of a MEDI-WEIGHTLOSS CLINICS® Business franchisee and, upon thirty (30) days prior written notice to you, to reduce or suspend contributions to, and operations of, the System Development Fund for any period of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the System Development Fund during the preceding twelve (12) month period, or in a manner we determine. We and our affiliates are not obligated to contribute to the System Development Fund on the same basis as franchise owners for any MEDI-WEIGHTLOSS CLINICS® Business we or they own and operate.

12.2. **Use of the Funds.** We or our designee will direct all programs financed by the System Development Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the System Development Fund may be used to pay the costs of, but not be limited to, preparing and producing video, developing, implementing and modifying the Franchise Systems’ e-commerce and related strategies, audio and written advertising materials; developing and servicing corporate accounts; research and development of, administering regional and multi-regional advertising programs, including, without limitation, purchasing e-commerce rights, products or services, direct mail and other media advertising and employing advertising, promotion and marketing agencies; maintaining or paying third parties to maintain a system-wide call center, toll free numbers and on-line ordering and fulfillment systems, the Clinic Management System and the like, and supporting public relations, market research, establishing, developing, maintaining, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities. The System Development Fund periodically may furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.3. **Accounting for the Fund.** The System Development Fund may be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all MEDI-WEIGHTLOSS CLINICS® Businesses to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. In addition to the System Branding Fees, we may assess you, and you must pay to the System Development Fund such System Development Fund fees as we or the Fund deems necessary to address any deficits or special needs of the System Development Fund. All interest earned on monies contributed to the System Development Fund will be used to pay System Development costs before other assets of the System Development Fund are expended. We may prepare a periodic statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

12.4. **System Development Fund Limitations.** You acknowledge that, if established, the System Development Fund will be intended to maximize recognition of the Marks and patronage of MEDI-WEIGHTLOSS CLINICS® Businesses. Although we may endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all MEDI-WEIGHTLOSS CLINICS® Businesses, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by MEDI-WEIGHTLOSS CLINICS® Businesses operating in that geographic area or that any MEDI-WEIGHTLOSS CLINICS® Business will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the System Development Fund. We will not use System Development Fund Fees to prepare materials intended solely for franchise sales solicitations.

12.5. **Advertising and Promotion.** You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time-to-time. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within thirty (30) days after our receipt of such materials, they will be deemed to have been given the required approval. You may not use any advertising or promotional materials that we have disapproved.

12.6. **Local Advertising Cooperatives.** If a local advertising cooperative (a “Co-op”) is established for your market, you will be required to contribute to it an amount determined by the Co-op (but not to exceed \$15,000 per Calendar Year (i.e. January 1 through December 31)) and participate in its activities and be subject to its governing documents. We may require that the Co-op’s advertising cooperative rules, governing documents and expenditures be subject to our approval.

12.7. **Local Advertising Expenditures.** In addition to your required System Branding Fee and the required Start-Up Advertising Fees, you are obligated to spend between \$24,000 and \$48,000 per Calendar Year paid on a quarterly basis on local advertising and promotion. We may designate in the Manual the required or approved vendors you must use to provide this local advertising. You must obtain telephone directory listings in the “white and yellow pages” in the size and manner we specify, displaying the Marks. If other franchise owners operate clinics in the market area serviced by the directories, then you must participate in and pay your pro rata share of the cost of such listings and advertising. We may review your books and records relating to your expenditures for such advertising and promotion. We allow any local advertising cooperative (Co-op) contributions to count toward this local advertising expenditure requirement. If we determine that you have not spent the requisite amounts, we may require you to pay the unexpended amounts into the System Development Fund.

12.8. **Websites.** We have the right to control all use of URL’s, domain names, websites, addresses, metatags, links, e-mail addresses and any other means of electronic identification or origin (“e-names”). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, “e commerce”). We have the right to monitor your and your employees’ e-commerce activities and you agree to provide us access to any chat rooms or bulletin boards on which or through which you discuss our franchise system or your relationship with us. You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-

commerce designated by us operated by us or our designee. We may require that you provide information to us via e-commerce. We may require you to coordinate your e-commerce activities with the Clinic Management System. We may charge you our then-current fees for such e-commerce activities which we designate. We may require you to obtain the services of and pay the then-current third party fees for ISP and ASP services and the like. We provide one site specific and one corporate e-mail address/account for your Business. You agree that you will not (and you will obtain agreements from your personnel not to) “opt-out” or otherwise or ask to no longer receive e-mails from us or other participants in the MIS System. Your employment agreements with your owners, and your employees must contain provisions that require them to consent to our and your viewing and having access to their e-mails, text messages and the like. You recognize and agree that we own all rights, title and interest in and to any and all websites and any e-names we commission or utilize, or require or permit you to utilize, in connection with the System which bear our Marks or any derivative of our Marks. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such information is deemed by us to be and constitutes our Confidential Information. Furthermore, in connection with any website, you agree to the following:

- (a) Before establishing any website, you must submit to us a sample of the website format and information in the form and manner that we may reasonably require.
- (b) You must comply with our standards and specification for any website as prescribed by us from time-to-time in the Manuals or otherwise.
- (c) We may require that you establish electronic links to our website and to other franchise associates’ websites as part of your website. We also may require your website to be part of our website.
- (d) You agree that we may establish electronic links from our website to your website, and that other franchise associates may establish electronic links to your website from their websites; without any compensation to you. We may prohibit you from linking any website to your website for any reason without compensation to you.
- (e) If you want to change any material aspect of your website at any time, or any of the information contained in your website, you must submit revisions to us in advance. You must not make any such revisions or modifications until you have obtained our approval.
- (f) You must not use any Mark as part of any domain name, Internet or “E-mail” address, or any other identification of you in any electronic medium or with any prefix, suffix or other modifying words, terms, designs, or symbols, or in any modified form, without our written consent.
- (g) If this Agreement expires or terminates for any reason, you must immediately stop using any website that utilizes any of the Marks or the System, or that are linked to any of our websites or the website of any of our franchise associates. You must also then remove and change any website, domain names, Internet or intranet addresses, e-mail addresses or other identification that utilize any of the Marks or Copyrights.
- (h) Obtain the agreement of the Practice to comply with the same restrictions on the use of the Marks and Copyrights as they apply to you, and to use the Marks and the Copyrights only in connection with providing the MEDI-WEIGHTLOSS CLINICS® Program to customers of your Business who are also customers of the Practice.

12.9. **Promotion of the Franchise System.** We may require you to place or display at the Site any and all materials promoting the franchise system that we provide to you from time to time. We may require you to place all such materials in the manner in which we designate. You will at all times during the term of this Agreement maintain as many business telephone lines as we designate, from time to time, for use solely in connection with your Business. We may require you to utilize Call Center Services, and we or our affiliates may be designated by us as the only Approve Supplier of Call Center Services. We may require you to be responsible for our or our designee's then-current Call Center Services fees, due to the time we designate, and you must comply with, and you agree to all policies and procedures we designate, from time to time regarding client referrals and call routing via such Call Center Services. Without limiting the foregoing, we may require you to engage such Call Center Service providers or personnel, or other personnel and/or answering service and/or purchase and installs as many answering machines or telemarketing dialing machines, as may be necessary to provide telephone answering coverage and telemarketing services on behalf of your Business during normal business hours (and on weekends in the manner we designate), but not less than the hours 9:00 a.m. to 5:00 p.m. Mondays through Fridays (except holidays). You must not use any type of Call Center Services telephone answering service, answering machine, or telemarketing equipment without our prior approval. We may require you to maintain a mailing address at your Business at all times during the Term.

### **XIII. RECORDS, REPORTS AND FINANCIAL STATEMENTS.**

13.1. **Accounting System.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats we prescribe from time-to-time. We may require you to use the Computer System and Software in order to maintain certain sales data and other information, including updating the Manuals and for communication purposes. You agree that we may have access to such sales data and other information through the Computer System at all times.

13.2. **Reports.** You agree to furnish to us on such forms that we prescribe from time-to-time:

- (a) at our request, within five (5) days after their filing: (i) copies of all sales tax for your Business; and (ii) copies of the canceled checks for the required sales taxes;
- (b) on the 3rd business day of each new Accounting Period, you must submit your Monthly Fee and a report on you Business' Gross Sales and Adjusted Gross Sales for the immediately preceding Accounting Period;
- (c) within fifteen (15) days after the end of each calendar quarter: (i) a profit and loss statement for your Business for the immediately preceding calendar quarter and year-to-date; and (ii) a balance sheet as of the end of such calendar quarter;
- (d) within thirty (30) days after the end of the Calendar year: (i) annual profit and loss and source and use of funds statements; and (ii) a balance sheet for your Business as of the end of such fiscal year;
- (e) Within fifteen (15) days of our request, the revenues you receive from the Practice for any reason whatsoever that for any reason are not included in the Gross Sales ore Adjusted Gross Sales of your Business and
- (f) within ten (10) days after our request: (i) exact copies of federal and state income and other tax returns; and (ii) such other forms, records, books and other information we may periodically require.

13.3. **Access to Information.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the

location of your Business. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports are incorrect. Moreover, we have the right, as often as we deem appropriate (including on a daily basis), to access all computer registers and other Computer Systems that you are required to maintain in connection with the operation of your Business and to retrieve all information relating to your Business' operations.

13.4. **Copies of Reports.** You agree to furnish us with a copy of all sales, income and other tax returns relating to your MEDI-WEIGHTLOSS CLINICS® Business, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

#### **XIV. INSPECTIONS AND AUDITS.**

14.1. **Our Right to Inspect your Business.** To determine whether you and your Business are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and with five (5) days prior notice to you (but without prior notice if we have reason to believe your Business is not operating in compliance), to:

- (a) inspect your Business;
- (b) observe, photograph and videotape the operations of your Business for such consecutive or intermittent periods as we deem necessary;
- (c) remove samples of any products, materials or supplies for testing and analysis;
- (d) interview personnel and customers of your Business; and
- (e) inspect and copy any books, records, websites (or other forms of e-commerce) and documents relating to the operation of your Business.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal, clinical studies and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within five (5) days.

14.2. **Our Right to Audit.** We have the right at any time during your business hours, and with three (3) days prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and your Business' business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales are understated by two percent (2%) or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within ten (10) days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## **XV. TRANSFER.**

15.1. **By Us.** This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement.

15.2. **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest in it) nor any ownership or other interest that would reduce your voting or equity interest to less than fifty-one percent (51%) in you or your Business may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**transfer**" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) your Business.

An assignment, sale, gift or other disposition includes the following events:

- (a) transfer of ownership of capital stock or a partnership interest;
- (b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (c) any issuance or sale of your stock or any security convertible to your stock;
- (d) transfer of an interest in you, this Agreement or your Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (e) transfer of an interest in you, this Agreement or your Business, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or
- (f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon your Business or your transfer, surrender or loss of possession, control or management of your Business.

15.3. **Conditions for Approval of Transfer.** If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section 15, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for MEDI-WEIGHTLOSS CLINICS® Business franchisees. A transfer of ownership, possession or control of your Business may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

- (a) the transferee has sufficient business experience, aptitude and financial resources to operate your Business;
- (b) you have paid all Monthly Fees, System Branding Fee, contributions, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;



- (c) the transferee (or its Manager) and its managerial employee (if different from your Manager) have agreed to complete our standard training program and paid us the lesser of: (i) our cost of training; or (ii) Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) per person;
- (d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;
- (e) you or the transferee pay us a transfer fee equal to twenty-five percent (25%) of the then current initial Franchise Fee to defray expenses we incur in connection with the transfer;
- (f) you (and your transferring owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;
- (g) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of your Business;
- (h) if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in your Business are subordinate to the transferee's obligation to pay Monthly Fees, System Branding Fee, contributions and other amounts due to us and otherwise to comply with this Agreement;
- (i) you and your transferring owners have executed a non competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in Section 17.6 of this Agreement; and
- (j) you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other MEDI-WEIGHTLOSS CLINICS® Businesses you own and operate) identify yourself or themselves or any business as a current or former MEDI-WEIGHTLOSS CLINICS® Business, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a MEDI-WEIGHTLOSS CLINICS® Businesses in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

If the proposed transfer is among your owners, Section 15.3(e) will not apply, although the transferee is required to reimburse us for any administrative costs we incur in connection with the transfer.

**15.4. Transfer to a Business Entity.** Notwithstanding Section 15.3, if you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than your Business and, if applicable, other MEDI-WEIGHTLOSS CLINICS® Businesses so long as you own, control and have the right to vote fifty-one percent (51%) or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound

jointly and severally by, to comply with, and to guarantee the performance of, all of the your obligations under this Agreement.

15.5. **Transfer Upon Death or Disability.** Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating your Business.

15.6. **Operation Upon Death or Disability.** If, upon your death or disability or the death or disability of the owner of a controlling interest in you, your Business is not being managed by a trained Manager/Medical Director, your or such owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed fifteen (15) days from the date of death or disability, appoint a Manager/Medical Director to operate your Business. Such Manager/Medical Director will be required to complete training at your expense. Pending the appointment of a Manager/Medical Director as provided above or if, in our judgment, your Business is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a Manager/Medical Director for your Business. All funds from the operation of your Business during the management by our appointed Manager/Medical Director will be kept in a separate account, and all expenses of your Business, including compensation, other costs and travel and living expenses of our Manager/Medical Director, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Monthly Fee and System Branding Fee and contributions payable under this Agreement) during the period that our appointed Manager/Medical Director manages your Business, which is currently not less than \$5,00 per month and will not exceed 10% of your monthly Adjusted Gross Sales. Operation of your Business during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by your Business or to any of your creditors for any products, materials, supplies or services your Business purchases during any period it is managed by our appointed Manager.

15.7. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and your Business or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of your Business or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

15.8. **Our Right of First Refusal.** If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and your Business or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and your Business and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners)

for the interest in you or in this Agreement and your Business must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within thirty (30) days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

- (a) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);
- (b) our credit will be deemed equal to the credit of any proposed purchaser;
- (c) we will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and
- (d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:
  - (i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;
  - (ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and
  - (iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Section 17.6 of this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 15.3(j) of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Sections 15.3 and 15.4, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

## **XVI. TERMINATION OF AGREEMENT.**

16.1. **By You.** If you and your owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct or commence correction of such failure within sixty (60) days after written notice of such material failure is delivered to us, you may terminate this Agreement effective sixty (60) days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

16.2. **By Us On Notice.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- (a) You (or any of your owners) violate any of the representations or warranties in this Agreement, or you (or any of your owners) made any material misrepresentations or omission in connection with your purchase of the franchise;
- (b) you fail to begin operating your Business within 90 days of the Agreement Date (unless we agree otherwise in writing to an extension);
- (c) we determine that you, your owner(s) or your Manager are unable to complete Owner/Manager Training to our satisfaction;
- (d) you abandon or fail to actively operate your Business for five (5) or more consecutive business days, unless your Business has been closed for a purpose we have approved or because of casualty or government order or is requiring mechanical repair or remodeling approved by us;
- (e) you (or any of your owners) surrender or transfer control of the operation of your Business without our prior written consent;
- (f) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense;
- (g) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of your Business or other Businesses or the goodwill associated with the Marks;
- (h) you understate Gross Sales by more than 2%, or our audits or investigations show that you understated Gross Sales by more than 2% on 2 or more occasions during any 18-month period;
- (i) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you, your Business or any aspect of the Business;
- (j) in the event of your death or disability, or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's controlling interest in you is not assigned as required under this Agreement;
- (k) you breach or commit a material default under the Lease left uncured in accordance with applicable cure periods, or you otherwise lose the right to possession of your Business or the Site;
- (l) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;
- (m) you violate any federal, HIPAA, state, medical, privacy, health, safety or sanitation law, ordinance or regulation and do not cure violation within 5 days to both our satisfaction and that of the governmental authority (this includes your failure to replace the Practice if it commits any of these kinds of violations);

- (n) you fail to pay any amounts due to us or any Approved Supplier and do not correct such failure within 10 days after written notice of such failure is delivered to you;
- (o) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of your Business, unless you are in good faith contesting your liability for such taxes;
- (p) you (or any of your owners) contact any of our affiliates directly without our prior consent;
- (q) you (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive Accounting Periods or on five (5) occasions during the Term to submit when due reports or other data, information or supporting records; or to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or
- (r) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your Business is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or your Business is not vacated within thirty (30) days following the entry of such order.

16.3. **After Notice.** We may also terminate this Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure it within 30 days of our notice:

- (a) You or a trained management and the requisite Professionals are not present at your Business during all open hours;
- (b) you fail to keep your Business open during the required hours;
- (c) you purchase or lease any product or service from an unapproved supplier in violation of the System Standards;
- (d) you create and/or maintain a stand alone website;
- (e) you fail to participate in a mandatory Co-op or fail to pay Co-op contributions when due;
- (f) you fail to obtain and maintain permits and licenses required by applicable law;
- (g) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure;
- (h) if you are a Business Entity, you fail to maintain active status/good standing in your state of organization;
- (i) you fail to make required reports when due;
- (j) you fail to maintain sufficient liquid funds and bank authorizations to pay amounts to us via electronic transfer;

- (k) you default under, or violate any provision of, this Agreement or any other agreement with us or any of our affiliates;
- (l) you violate any System Standard or procedure contained in the Manuals; or
- (m) you fail to obtain any approvals or consents required by this Agreement.

**XVII. RIGHTS AND OBLIGATIONS UPON TERMINATION.**

17.1. **Our Rights upon Your Default.** In the event of your material default left uncurable in accordance with the applicable cure period under the terms of this Agreement, the Lease or under any promissory note or other agreement with us, we are entitled, but not limited, to exercise any one or more of the following remedies in our sole discretion;

- (a) to take possession of the Site or any part thereof, personally, or by our agents or attorneys;
- (b) to enter upon and take and maintain possession of all or any part of your Business, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee without notice and with or without process of law;
- (c) to exclude you, your agents or employees from the Site;
- (d) as attorney-in fact for you, or in our own name, and under the powers herein granted, to hold, operate, manage and control your Business and conduct the business, if any, thereof, either personally or by our agents, with full power to use such measures, legally rectifiable, as in our discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, granting full power and authority to us to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;
- (e) to cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;
- (f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site that may seem judicious, in our sole judgment;
- (g) to enter or obtain access to and control of the Site and remove applicable weight management equipment, at your expense and with or without prior notice to you;
- (h) to insure and reinsure the same for all risks incidental to our possession, operation and management thereof;
- (i) to terminate this Agreement under this Section 17, as applicable; and/or
- (j) to declare all of your rights, but not obligations under the Agreement, to be immediately terminated as of the date of your default under your lease, notwithstanding any provision of this Agreement.

17.2. **Termination of Service Rights.** If we are entitled to terminate this Agreement in accordance with any of its provisions, we will have the option to terminate or suspend any one or more equal rights under this Agreement instead of terminating this Agreement, including:

- (a) Your right to participate in any programs or services provided by us or offered by us from time to time; and/or
- (b) your right to participate in any services that we provide in connection with any website or marketing services, the System Development Fund or the like; and any exclusivity for the Protected Area granted to you under this Agreement.

If we terminate or suspend any of your rights under this Agreement in accordance with this Section, we will provide you five (5) days prior written notice of such suspension or termination. If any such rights, options or arrangements are terminated or suspended in accordance with this Section, such termination or suspension will be without prejudice to and will not be a waiver or release of any of our rights to terminate this Agreement otherwise in accordance with its terms, or to terminate any other rights, options or arrangements under this Agreement or any other agreement between you and us at any time thereafter, for the same default or as a result of any additional defaults of the terms of this Agreement or other agreements between you and us.

17.3. **Payment of Amounts Owed To Us.** You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that we determine amounts are due to us, all amounts due for Monthly Fees, System Branding Fee, contributions, amounts owed for purchases from us, interest due on any of the foregoing, and any and all other amounts owed to us or our affiliates which are then unpaid.

17.4. **Marks.** Upon the termination or expiration of this Agreement:

- (a) you may not directly or indirectly at any time or in any manner (except with respect to other MEDI-WEIGHTLOSS CLINICS® Business you own and operate) identify yourself or any business as a current or former MEDI-WEIGHTLOSS CLINICS® Business, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a MEDI-WEIGHTLOSS CLINICS® Businesses in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;
- (b) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;
- (c) if we do not have or do not exercise an option to purchase your Business pursuant to Section 17.7, you agree to deliver to us within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date (as defined in Section 17.7(a)) all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a MEDI-WEIGHTLOSS CLINICS® Business and allow us, without liability to you or third parties, to remove all such items from your Business;
- (d) if we do not have or do not exercise an option to purchase your Business pursuant to Section 17.7, you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will promptly and at your own expense make such alterations we specify to distinguish your Business clearly from its former appearance and from other MEDI-WEIGHTLOSS CLINICS® Businesses so as to prevent confusion by the public;

- (e) if we do not have or do not exercise an option to purchase your Business pursuant to Section 17.7 you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and
- (f) you agree to furnish us, within thirty (30) days after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), with evidence satisfactory to us of your compliance with the foregoing obligations.

17.5. **Confidential Information.** You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

17.6. **Competitive Restrictions.** Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating:

- (a) at the Site or through the Practice;
- (b) within twenty-five (25) miles of the Site; or
- (c) within twenty-five (25) miles of any other MEDI-WEIGHTLOSS CLINICS® Business or its, or your, Market Area in operation or under construction on the later of the effective date of the termination or expiration.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of a order of a court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. Furthermore, your agreements with the Practice must provide that, to the maximum extent permitted by law, the Practice and its Physicians and Professionals agree to similar restrictions as are imposed on you under this Section. If any Physician or Professional with whom you contract engages in a Competitive Business without our consent during the term of this Agreement or following termination or expiration of the Agreement, you and such breaching physician or professional will be jointly and severally liable to pay to us a fee (the “**Physician Liquidated Damages**”) to help compensate us for our costs of such enforcement in the amount of the Physician Liquidated Damages will be listed on **Exhibit "A"** to this Clinic Franchise Agreement. Such fee, shall serve as partial liquidated damages and shall not be our exclusive recovery from you, nor limit our recovery from you in any manner for any action. Without limiting the foregoing, the foregoing fee shall not be deemed as, nor shall be used as a measure of our damages for competition by the Practice or any Professionals, and shall in no way limit our right to assert that we have no adequate remedy at law in the event of breach.



17.7. **Our Right to Purchase.**

- (a) **Exercise of Option.** Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination, to purchase your Business from you, including the leasehold rights to the Site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the “**Notification Date**”). We have the unrestricted right to assign this option to purchase your Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.
- (b) **Leasehold Rights.** You agree at our election:
  - (i) to assign your leasehold interest in the Site to us;
  - (ii) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease; or
  - (iii) to lease to us if you own the Site in accordance with the Agreement to Lease and our Standard Lease Agreement.
- (c) **Purchase Price.** The purchase price for your Business will be its fair market value, determined in a manner consistent with reasonable depreciation of your Business' equipment, signs, inventory, materials and supplies, provided that your Business will be valued as an independent business and its value will not include any value for:
  - (i) the Franchise or any rights granted by this Agreement;
  - (ii) the Marks or Copyrights; or
  - (iii) participation in the network of MEDI-WEIGHTLOSS CLINICS® Businesses.

Your Business' fair market value will include the goodwill you developed in the market of your Business that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Site will also be considered in determining your Business' fair market value.

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to your Business' operation or that we have not approved as meeting standards for MEDI-WEIGHTLOSS CLINICS® Businesses, and the purchase price will reflect such exclusions.

- (a) **Appraisal.** If we and you are unable to agree on your Business' fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one (1) appraiser, you will appoint one (1) appraiser and the two (2) party-appointed appraisers will appoint the third (3rd) appraiser. You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we are exercising our option to purchase your Business, and the two (2) appraisers so chosen are obligated to appoint the third (3rd) appraiser within fifteen (15) days after the date

on which the last of the two (2) party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third (3rd) appraiser chosen by the two (2) party-appointed appraisers. The appraisers are obligated to complete their appraisal within thirty (30) days after the third (3rd) appraiser's appointment.

The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us:

- (i) good and marketable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and
- (ii) all licenses and permits of your Business which may be assigned or transferred; and
- (iii) the leasehold interest and improvements in the Site.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

17.8. **Continuing Obligations.** All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, identification and dispute resolution provisions.

17.9. **Buyout Option.**

- (a) **Triggering Event.** We, or our designee, may purchase all of the rights and interests you or your owners have in you, your Business and under this Agreement, at our option, if we experience a Triggering Event (the "**Buyout**"). A "**Triggering Event**" means: (i) the sale of all or substantially all of our assets to an unaffiliated third party; (ii) the sale or exchange of more than 50% of our total issued and outstanding equity securities to an unaffiliated third party; (iii) a merger or consolidation of us with or into an unaffiliated third party in which neither we nor our affiliates obtain or maintain a controlling voting interest; (iv) any public offering, pursuant to a registration statement under the Securities Act of 1933, as amended, or successor statute (the "**Securities Act**"), of any of our capital stock or the effectiveness of a registration statement for the initial public offering of our equity securities (an "**IPO**"); or (v) the sale, conveyance, exchange or assignment by our shareholders in one transaction or series of related transactions, of 50% or more of our outstanding capital stock to persons who, prior to such sale, did not own more than 25% of our outstanding stock.
- (b) **Our Rights on Triggering Event.** If we experience a Triggering Event or enter into a binding agreement to do so, we will have the right, at our option and election, to cause the Buyout. To exercise our option to cause the Buyout, we will notify you within 30 days of either the date of the agreement for a Triggering Event or the effective date of the IPO, to require you and your owners to sell, convey, exchange or assign all of his, her or its interest in you, your Business and this Agreement and the assets comprising them ("**Your Interest**"), to our transferee, in exchange for the same type of consideration, and upon the same terms, to be received by us in

the Triggering Event. No partial assignment, conveyance or exchange of Your Interest will be permitted unless otherwise expressly agreed to in writing by us. The term “**Your Interest**” does not mean you or your owners’ ownership of securities in the Business Entity.

- (c) **Purchase Price Form.** If we exercise the Buyout for any Triggering Event other than an IPO, the purchase price will be paid to you or your owners, as applicable, in the same form or type of consideration, and upon the same terms, as we or our shareholders receive in the Triggering Event transaction. If the Triggering Event is an IPO, at our option, the purchase price will be paid to you or your owners either in cash or stock valued at the price underwritten and/or offered to the public in the IPO.
- (d) **Purchase Price Amount.** The amount of the purchase price for Your Interest will be the amount equal to a multiple of Your EBIT. Your multiple will be equal to two-thirds (2/3) of the multiple offered to us for our interest in connection with the Triggering Event. “**Your EBIT**” means net income from your Business before interest and income taxes. “**Our EBIT**” means our net income before interest and income taxes. Your EBIT and Our EBIT will be determined by generally accepted accounting principles, based on the same trailing 12 month period preceding the purchase or sale agreement, underwriting agreement or other agreement regarding the Triggering Event. However, for this calculation, your income will exclude extraordinary items. If your Business has been open less than 12 months, at your request, we may suspend the Buyout until you have 12 months continuing operating history.
- (e) **Examples of Purchase Price Calculations.** The following example demonstrates the calculation of the purchase price to be paid for Your Interest under a Buyout, assuming the sale is for 100% of Your Interest:
  - (i) Triggering Event - sale of all of our stock.
  - (ii) Purchase Price for all of our stock - \$100,000,000.
  - (iii) Our EBIT for the previous 12 months: \$5,000,000.
  - (iv) Purchase Price / Our EBIT = our multiple: \$100mil. / \$5mil.= 20.
  - (v) 2/3 of our multiple (20) = your multiple:  $2/3 \times 20=13.33$ .
  - (vi) Your EBIT for the previous 12 months: \$500,000.
  - (vii) Your multiple (13.33) x Your EBIT (\$500k) = your payment.
  - (viii)  $13.33 \times \$500,000 = \$6,666,667 = \text{Your Interest}$ .
- (f) **Election to Convert Shares.** If we undertake an IPO, we will have the right, at our option and election, to require you and your owners, and you and your owners will be obligated, to convert Your Interest into shares of the class of our capital stock (or any successor to us) which is the subject of such IPO (“**IPO Conversion**”). Your Interest will be converted into an equivalent value of our capital stock (or our successor’s stock), on the following basis:
  - (i) Your Interest will be valued at a multiple of Your EBIT, such multiple to be equal to two-thirds (2/3) of the multiple that the valuation of 100% of our common stock on a pre-offering basis (as determined with reference to the proposed public offering price)

bears to Our EBIT (Your EBIT shall be calculated on the same basis and for the same periods as are Our EBIT); and

- (ii) the value of our capital stock, or our successor in interest, will be the proposed public offering price for such offering.

The shares of our capital stock that you receive upon conversion of Your Interest will not be registered in connection with the IPO and you are not granted any registration rights under this Agreement. Such shares must be held indefinitely without any sale, transfer or other disposition unless either the shares are subsequently registered under the Securities Act, or in the opinion of our counsel, such registration is not required as a result of available exemptions under the Securities Act.

- (a) **Example.** The following example demonstrates the calculation of the conversion of Your Interest into our capital stock pursuant to an IPO Conversion:
  - (i) Public offering of 1,000,000 shares of our common stock, such shares, when issued, to represent 100% of our fully diluted outstanding common stock.
  - (ii) Proposed public offering price - \$100 per share.
  - (iii) Equivalent value of 100% of our common stock = \$100,000,000.
  - (iv) Our EBIT for previous 12 months - \$5,000,000.
  - (v) Purchase Price / Our EBIT= our multiple: \$100mil. / \$5mil.=20.
  - (vi) 2/3 of our multiple = your multiple:  $2/3 \times 20 = 13.33$ .
  - (vii) Your EBIT for the prior 12 months: \$500,000.
  - (viii) Your multiple x Your EBIT= your calculated valuation for Your Interest.
  - (ix)  $13.33 \times \$500,000 = \$6,666,667$ .
  - (x) Number of shares of our common stock to be received by you: Stock equivalent of \$6,666,667 based on the public offering price.
  - (xi) Number of shares of common stock to be received by you based on public offer price of \$100 per share: 66,667 shares.

Your owners will determine how Your Interest will be divided among them. Upon such IPO Conversion, Your Interest shall be canceled, transferred or assigned in the manner we designate and we will succeed to all of your properties and assets (including, without limitation, all MEDI-WEIGHTLOSS CLINICS® Businesses and System Businesses) and we will be the sole owner thereof. THE EXAMPLES OF THE BUYOUT CALCULATION PROVIDED ABOVE ARE NOT REPRESENTATIONS OF ANY KIND THAT YOU WILL OR ARE LIKELY TO OBTAIN ANY PARTICULAR INCOME OR REVENUES. THE “YOUR EBIT” FIGURES ARE PURELY HYPOTHETICAL AND ARE EXAMPLES ONLY TO ILLUSTRATE THE BUYOUT CALCULATION METHOD. DO NOT RELY ON THEM AS A REPRESENTATION OF YOUR ACTUAL OR POTENTIAL INCOME.

- (a) **Procedural Aspects.** At our option, we will pay the purchase price in 2 installments. If so, we will pay an amount equal to the First Installment in cash at a time within 15 days of our notice

to you. The balance will be paid at closing. We must notify you of our intention to exercise our purchase option not later than 60 days following our entering into the definitive purchase and sale agreement or the underwriting agreement relating to the Triggering Event. Unless the Triggering Event is not completed or closed, in which case our notice and election to exercise the Buyout will not be effective, the closing for such acquisition will take place at the completion or closing of the Triggering Event or, at our option, within 180 days thereafter. You will have all of your rights and benefits, and all of your obligations, under this Agreement until we (or our designee) have consummated the acquisition pursuant to the Buyout. The acquisition will be in the form of an assignment and relinquishment of your rights under this Agreement and we will not assume any of your obligations or liabilities whatsoever other than those we expressly agree to in writing or at the time of such acquisition. Moreover, we may require that your rights must be transferred to us free and clear of all liens, pledges, security interests and encumbrances.

We may require that we will be entitled to all customary representations and warranties in that regard, in such form and content as we reasonably require. You will cooperate with us in preparing for the sale of such rights, any transition in ownership, and to accurately calculate the purchase price. Through such acquisition we will take possession of all of your assets, including but not limited to cash, accounts receivable and capital assets. We will also assume liability for your Business lease, capital leases and any liabilities deemed by us to be a valid business liability of your MEDI-WEIGHTLOSS CLINICS® Business. You must comply with any post acquisition restrictions, if any; on transfers of stock you receive.

- (a) **Option to Include Franchises.** If we exercise the Buyout, we may also, at the time we notify you of our election, elect to include as part of the acquisition any or all franchise(s) owned or controlled by you or your affiliates, all of your or their rights and obligations under any related or Area Development Agreement or Franchise Agreements and all related property leases and all assets used in connection with the operation of the MEDI-WEIGHTLOSS CLINICS® Businesses covered by the Franchise Agreements and any Area Development Agreements you have with us.
- (b) **Priority.** The provisions of the Buyout will take precedence over all other provisions of this Agreement, notwithstanding any conflicting provisions. We will have the right to specific performance of a Buyout. You acknowledge and agree that we will not have an adequate remedy at law if you violate this Section 18, and we will be entitled to injunctive and equitable relief to enforce all our rights under it.

## **XVIII. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

18.1. **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Clinic personnel and others as the owner of your Business under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time-to-time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so.

18.2. **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in

the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Business' operation or the business you conduct pursuant to this Agreement.

18.3. **Taxes.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes are your responsibility.

18.4. **Indemnification.** You agree to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Party(ies)**") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in Section 18.3 and any and all claims and liabilities directly or indirectly arising out of your Business' operation (even if our negligence is alleged, but not proven) or your breach of this Agreement. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys', paralegals' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

## **XIX. INSURANCE.**

19.1. **Types Required.** During the term of this Agreement, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

- (a) comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business;
- (b) general casualty and property insurance including fire, flood, hurricane, vandalism and malicious mischief, and extended coverage insurance with a full replacement value of your inventory and contents of your Business, covering such risks as are covered in the Standard Extended Coverage Endorsement;
- (c) comprehensive motor vehicle insurance (including personal injury protection, uninsured motorist protection, and "**umbrella**" coverage) for any motor vehicles operated by your Business;
- (d) workers' compensation in the amounts required by applicable law for your Business;
- (e) "**umbrella**" liability insurance;
- (f) liability insurance against liability for personal services care and negligence;

- (g) business interruption insurance;
- (h) comprehensive crime and blanket employee dishonesty insurance; and
- (i) such other insurance as is required under any equipment lease agreement and any lease or other financing document (if any) for your Business.

19.2. **Coverage Requirements.** You must maintain the insurance coverages in the minimum amounts we prescribe from time-to-time in the Manuals. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

19.3. **Policy Terms.** All insurance policies must:

- (a) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;
- (b) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;
- (c) name us as an additional insured;
- (d) contain a waiver of the insurance company's right of subrogation against us;
- (e) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;
- (f) provide that the insurance company will provide us with at least thirty (30) days' prior written notice of termination, expiration, cancellation or material modification of any policy; and
- (g) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

19.4. **Evidence of Coverage.** Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in this Agreement.

## **XX. ENFORCEMENT.**

20.1. **Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable,

you and we agree that such provision will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

20.2. **Waivers**. We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

20.3. **Limitation of Liability**. Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

- (a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;
- (b) acts of God;
- (c) acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

20.4. **Approval and Consents**. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

20.5. **Waiver of Punitive Damages**. EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO SECTION 18.4 OF THIS AGREEMENT AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

20.6. **Limitations of Claims**. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.



20.7. **Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY FLORIDA LAW, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

20.8. **Jurisdiction.** YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN HILLSBOROUGH COUNTY, FLORIDA, AND YOU WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION.

20.9. **Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

20.10. **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

20.11. **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys fees. Attorneys fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

20.12. **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators. This Agreement is not binding on us and will not be effective unless and until it is signed by one of our officers who is duly authorized by us to execute this Agreement.

20.13. **Entire Agreement.** Upon execution by you and us, this Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. However, nothing contained in this Section will limit your right to rely on statements made in our Franchise Disclosure Document.

20.14. **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to

this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

20.15. **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. “**A or B**” means “**A**” or “**B**” or both.

20.16. **Certain Definitions.** The term “**family member**” refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term “**affiliate**” means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms “**franchisee, franchise owner, you and your**” are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term “**person**” includes individuals and Business Entities. You and we are sometimes referred to individually as a “**party**” and collectively as “**parties**.” The term “**section**” refers to a section or subsection of this Agreement. The word “**control**” means the power to direct or cause the direction of management and policies. The word “**owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

20.17. **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to**,” “**until**” and “**ending on**” (and the like) mean “**to but excluding**.” Indications of time of day mean Florida time.

**XXI. NOTICES AND PAYMENTS.**

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

- (a) two (2) business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or
- (b) three (3) business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us:           MEDI-WEIGHTLOSS FRANCHISING USA, LLC  
509 S. Hyde Park Avenue  
Tampa, Florida 33606  
Attention: Derek Kaloust, General Counsel

If to You: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us

during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) days prior to such date) will be deemed delinquent.

Intending to be bound, you and we sign and deliver this Agreement in two (2) counterparts effective on the Agreement Date, regardless of the actual date of signature.

**“US”**

MEDI-WEIGHTLOSS  
FRANCHISING USA, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**“YOU”**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

[Business Entity Name]

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

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

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

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

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**EXHIBIT "A" TO THE**  
**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**  
**CLINIC FRANCHISE AGREEMENT**

DATED \_\_\_\_\_

**WITH**

\_\_\_\_\_  
**(NAME OF FRANCHISE OWNER)**

1. **Franchise Fee.** Your Franchise Fee is \$ \_\_\_\_\_ and is due in lump sum on the Agreement Date.

2. You have  or have not  chosen and have been approved to participate in the Cold Start Program. OR,  you do not qualify for the Cold Start Program. [Check box to indicate choice]

3. **Protected Area.** Your Protected area is as follows:

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

4. **Market Area.** The Market Area for your MEDI-WEIGHTLOSS CLINICS® Business is as follows:

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

5. **Site.** The address of your approved Site is:

\_\_\_\_\_

6. **Local Advertising Expenditures.** We currently require local advertising expenditures of at least \$ \_\_\_\_\_ per quarter of each Payment Calendar Year.

7. **Physician Liquidated Damages.** \$1000 per day for each day a Physician or Professional is in breach if the in-term non-competition covenants; \$100,000 if the Practice or a Physician violates the non-solicitation covenants; \$500,000 if a Physician or Professional violates the in-term or post term confidentiality covenants; and \$500,000 if any Physician or Professional violates the post-term non-competition covenants. We and the Clinic will not seek to collect Physician Liquidated Damages from you provided all of the following are met: (a) At least 10 days prior to its execution, you send to us, and we have approved such Physician Agreement with you; (b) you assign your rights to sue for and collect the Physician Liquidated Damages under the Physician Agreement; (c) such assignment of rights to us is enforceable and the Physician does not have defenses to our/your claim that were the result of your breach of the Agreement; and (d) you are otherwise in full compliance with the Franchise Agreement and MPMA Agreement.

**MEDI-WEIGHTLOSS FRANCHISING USA,  
LLC**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**EXHIBIT "B" TO THE**  
**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**  
**CLINIC FRANCHISE AGREEMENT**

**DATED \_\_\_\_\_**

**WITH**

**(NAME OF FRANCHISE OWNER)**

**INITIAL PACKAGE**

1. **Initial Package Fee:** Your Initial Package Fee due is \$ \_\_\_\_\_:
2. **Description of The Initial Package:** See Attached List.
3. **Current Compliance Fees:** \$ 500 for each Level 1 violation  
\$1,000 for each Level 2 violation  
\$5,000 for each Level 3 violation
4. **Compliance Violation Levels:**

The following is not an all inclusive list of all compliance violations. Examples of compliance violations are given in order to gauge severity of potential Compliance Fees.

- (a) **Level 1:** Not following System Standards or operating procedures as delineated in Operations Manual.
  - Improper medical documentation (consent forms)
  - Utilization of non-approved materials
  - Marketing non-compliance (branding and advertising)
- (b) **Level 2:** Not following standard Medical Protocol as delineated in Physician's Manual (FDA and ASBP guidelines; pre-drawing of injections).
  - Pharmacy Management (illegal transportation of controlled substances, improper reconciliation, etc.)
  - OSHA/HIPPA violations.
- (c) **Level 3:** Dispensing regulations (dispensing without MD, PA or NP on-site) applicable by state.
  - Severe DEA violations (Diversion Control & Prescription drugs)
  - Violations of:
    - Title 21 – Food and Drugs
    - Chapter 13 – Drug Abuse Prevention and Control
    - Subchapter 1 – Control and Enforcement

**MEDI-WEIGHTLOSS FRANCHISING USA,  
LLC**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

<b>Item Description</b>	<b>Quantity</b>	<b>Item Description</b>	<b>Quantity</b>
17 in. Touchscreen Tangent Vita8000's	2	Sharps Container	3
Ree Vue, Printer, Metabreathers	1	Stethoscope	1
Zebra Labels 800530-20srt	1	Syringes – 1cc	1
Zebra Printer tlp2844	1	Tanita Scale TBF 310gs	1
Cable – 15 ft usb	1	Tanita Scale TBF 410gs	1
1 Lb Fat Replica	1	Tape measure – Wallmount	1
Alcohol 16 oz bottle	1	Tourniquet	10
Alcohol Dispenser	1	Urine Collection Cups	1
Alcohol Prep Pads	2	Urine Dip Sticks (blood, glucose, ketones)	1
Automated BP monitor w/comfit cuffs	1	Standard – Lab Coat	2
Automatic Pill Counter – Hispac III	1	Brochures – Trifold	250
Bags – Biohazard	1	Cards – Appointment/ Business	1000
Bandages	1	Cards – Referral	500
Canisters – Sundry Unlabeled	1	Cards – Tent	10
Cart – Utility	1	Display – “Coming Soon” Banner	1
Cotton Balls 1	1	Display – Logo Mat – Clinic	1
Drug Storage Cabinet	1	Display – Medi Posters	4
EKG – Atria 3100	1	Holder – Trifold Brochures	2
EKG Paper	1	Manual – ASBP	1
EKG tabs	5	Stationery – Letterhead	500
Examination Gloves Large Non-Latex	1	Stationery – Envelopes #10	500
Examination Gloves – Medium Non-Latex	1	Bags	100
Examination Half Gowns	1	Water Bottle	50
Examination Table Paper	1	Journal	100
First Aid Kit – OSHA	1	Ketostick	100
Gauze – Sponge 2x2	3	Key Chain	100
Hand Soap	1	Scale – Food	50
Needles – 25 x1-1/2	1	Supplement – Calcium 4 Blend	90
Needles – 22g	1	Supplement – Colon Cleanser	90
Needles 27 1/2	1	Supplement – Fat Burner	90
Needles – Butterfly system w/21g needles	1	Supplement – Omega 3	90
Needles 30g 1 inch	1	Supplement – Shake – Chocolate	12
Pill Bottles – child proof tops	1	Supplement – Shake – Vanilla	12
Pillow Case	1	Supplement – Vitamins	90
Pregnancy Tests	2	Cinnamon Protein Bars	32
Razors – disposable	1	Chocolate Protein Bars	32
Sanitizing Hand Gel Pump	2	Stay Slim	90
Sani-Wipes	2	Wellness Brochures	25



**EXHIBIT “C” TO THE**  
**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**  
**CLINIC FRANCHISE AGREEMENT**

DATED \_\_\_\_\_

**WITH**

\_\_\_\_\_  
**(NAME OF FRANCHISE OWNER)**

**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS**

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS (this “**Assignment**”) is effective as of \_\_\_\_\_, 200)\_\_\_\_, between MEDI-WEIGHTLOSS FRANCHISING USA, LLC, an Florida limited liability company, with its principal place of business at 509 S. Hyde Park Avenue, Tampa, Florida 33606 (“**we**,” “**us**” or “**our**”) and \_\_\_\_\_, whose current place of business is \_\_\_\_\_ (“**you**” or “**your**”). You and we are sometimes referred to collectively as the “parties” or individually as a “party”.

**BACKGROUND INFORMATION:**

We have simultaneously entered into the certain Franchise Agreement (the “**Franchise Agreement**”) dated as of \_\_\_\_\_, 200\_\_\_\_ with you, pursuant to which you plan to own and operate a MEDI-WEIGHTLOSS CLINICS® Business (the “**Business**”). MEDI-WEIGHTLOSS CLINICS® Businesses use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the “**System**”). We identify MEDI-WEIGHTLOSS CLINICS® Businesses and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the “**Marks**”). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Business if the Franchise Agreement is terminated.

**OPERATIVE TERMS:**

You and we agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment:** You assign to us, all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Numbers and Listings**”) associated with the Marks and used from time to time in connection with the operation of the Business. We will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the “**Telephone Company**”) to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.

3. **Power of Attorney:** You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or

expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature On such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. Indemnification: You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the “**Indemnified Parties**”) harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. Binding Effect: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. Assignment to Control: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. Attorney's Fees, Etc.: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term “attorneys' fees” means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. Severability: If any of the provisions of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. Governing Law and Forum: This Assignment is governed by Florida law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Hillsborough County, Florida, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

**ASSIGNEE:**

**ASSIGNOR:**

**MEDI-WEIGHTLOSS FRANCHISING USA,  
LLC**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, by \_\_\_\_\_, as \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, on behalf of said \_\_\_\_\_. He/She is personally known to me or has produced \_\_\_\_\_ as identification.

(Notarial Seal)

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
NOTARY PUBLIC  
Commission No.: \_\_\_\_\_  
State of \_\_\_\_\_ at Large  
My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2008, by \_\_\_\_\_ as \_\_\_\_\_ of MEDI-WEIGHTLOSS FRANCHISING USA, LLC, a Florida limited liability company, on behalf of said corporation. He/She is personally known to me or has produced \_\_\_\_\_ as identification.

(Notarial Seal)

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
NOTARY PUBLIC  
Commission No.: \_\_\_\_\_  
State of \_\_\_\_\_ at Large  
My Commission Expires: \_\_\_\_\_

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS is accepted and agreed to by:

\_\_\_\_\_  
(TELEPHONE COMPANY)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

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**EXHIBIT "D" TO THE**  
**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**  
**CLINIC FRANCHISE AGREEMENT**

DATED \_\_\_\_\_

**WITH**

\_\_\_\_\_  
**(NAME OF FRANCHISE OWNER)**

**CONFIDENTIALITY, NONSOLICITATION**  
**AND NONCOMPETITION AGREEMENT**

**THIS CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT**  
(this **"Agreement"**) is effective as of \_\_\_\_\_, 200\_\_\_\_, between  
\_\_\_\_\_, a \_\_\_\_\_ (**"we," "us," "our"** or **"Franchisee"**) and  
\_\_\_\_\_  
\_\_\_\_\_  
(**"you"** or **"your"**), an employee or independent contractor of ours.

**BACKGROUND INFORMATION:**

We have entered into a Franchise Agreement (the **"Franchise Agreement"**) with MEDI-WEIGHTLOSS FRANCHISING USA, LLC, a Florida limited liability company (the **"Franchisor"**) to operate a MEDI-WEIGHTLOSS CLINICS® Business (the **"Business"**) at \_\_\_\_\_ (the **"Site"**). The Business specializes in offering and providing the Franchisor's proprietary, designated or approved weight loss, nutritional weight management and wellness products and services, and other products and services the Franchisor may designate or approve from time to time (the **"Products and Services"**). The Products and Services form part of the Franchisor's proprietary *medically-supervised* weight loss, wellness, nutritional and weight management program which is called the **"MEDI-WEIGHTLOSS CLINICS® Program."** (collectively the **"System"**)

We possess or have access to certain confidential and proprietary information, consisting of the System and the know-how related to its use; plans, specifications, size and physical characteristics of MEDI-WEIGHTLOSS CLINICS® Businesses; site selection criteria, land use and zoning techniques and criteria; methods in obtaining licensing and meeting regulatory requirements; sources and design of equipment, furniture, forms, materials and supplies; marketing, advertising and promotion programs for MEDI-WEIGHTLOSS CLINICS® Businesses; staffing and delivery methods and techniques for services; the selection, testing and training of Managers/Medical Directors and other employees for MEDI-WEIGHTLOSS CLINICS® Businesses; the recruitment, qualification and investigation methods to secure employment for employment candidates; certain computer Software made available or recommended for MEDI-WEIGHTLOSS CLINICS® Businesses; methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of MEDI-WEIGHTLOSS CLINICS® Businesses; knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; recipes, formulas, preparation methods and techniques for the Products and Services; knowledge of operating results and financial performance of MEDI-WEIGHTLOSS CLINICS® Businesses and the Business; customer information; and other confidential and proprietary information, certain of which the Franchisor licenses to us or which are developed by us under the Franchise Agreement but are owned by the Franchisor (the **"Confidential Information"**).

You understand that the System and Confidential Information are the Franchisor's proprietary, trade secrets and are confidential. You acknowledge that we and the Franchisor have provided you with specialized and extensive training regarding the Business and that we have developed extensive customer goodwill. We have an obligation under our Franchise Agreement to maintain the Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

## OPERATIVE TERMS:

Accordingly, you and we agree as follows:

1. **Confidentiality.** You will (a) not use the Confidential Information in any other business or capacity; (b) maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and your employment by, or association with us; (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (d) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **Competitive Restrictions.** During the time that you are associated with us, as an employee or independent contractor and for 2 years afterwards, unless we and the Franchisor otherwise permit in writing and except on our behalf, neither you nor any of your owners (if any) will:

(a) have any direct or indirect interest (*e.g.*, through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

(i) at the Site;

(ii) within 25 miles of the Site; or

(iii) within 25 miles of any other MEDI-WEIGHTLOSS CLINICS® Businesses or its, or your, Market Area in operation or under construction on the later of the effective date of the termination or expiration of your employment or the date on which you comply with such restrictions (see Section 5 below).

(b) recruit or hire any employee of ours, of the Franchisor, of our or its affiliates, or of any of the Franchisor's franchisees or licensees; and

(c) on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, referral sources, clients, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our or its affiliates or any of its franchisees or as such may exist during the term of this Agreement or thereafter.

3. **Competitive Business.** The term "**Competitive Business**" as used in this Agreement means any business (other than a MEDI-WEIGHTLOSS CLINICS® Business operated under a franchise agreement with us) or facility owning, operating or managing, or granting franchises or licenses to others to do so, any clinic or other business or facility that offers physician monitored or non-physician supervised weight loss, weight management, nutritional or health products and services, or any other products or services that are the same or similar to the Products and Services offered by MEDI-WEIGHTLOSS CLINICS® Businesses.

4. **Severability and Substitution.** You acknowledge and agree that these competitive restrictions will not unreasonably deprive you of your ability to earn a living or engage other business activities. You and we agree that: (a) the time period, geographic area, and scope of the competitive restrictions contained in this Agreement are reasonably necessary to protect our localized efforts and the Franchisor's efforts to develop MEDI-WEIGHTLOSS CLINICS® Businesses throughout the United States.; and (b) to the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope, area, activity, or duration, but may be made enforceable by modifying any or all thereof; this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such modified provision will be enforced to the fullest extent.

5. **Extension of Time Period.** The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

6. **Suspension of Compensation.** We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

7. **No Defense or Setoff.** You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

8. **Injunctive Relief.** You and we agree that the breach of this Agreement will result in irreparable harm to us and/or the Franchisor, and that no monetary award can fully compensate us and/or the Franchisor if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us or the Franchisor at equity or law.

9. **Relationship.** This Agreement governs only certain aspects of your relationship with us. The terms and conditions of your employment or provision of services for us remain the same as they have been prior to the date of this Agreement, or as established afterwards. By entering into this Agreement, neither you nor we are committing to employ or engage the other, or to work for the other for any period of time or under any new or different terms and conditions. If you are an employee, this Agreement does not change your status as “at will.”

10. **Miscellaneous.**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them related to the matters addressed in this Agreement. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Our and Franchisor’s Access to Communications:** You agree that we and franchisor may access, view and copy and that you have no right to prevent us or franchisor from accessing, viewing or copying any and all e-mails, voice mails, text messages, voice mails or any other form of communication you send, store or receive via any computer, text, blackberry, SIMS, phone, internet telephony, or similar technology or device that we or franchisor provide, or authorize you to use, or which you use to transmit, store, receive or send any communication which relates to the Business, us, franchisor, or your breach of your obligations to us or franchisor. In connection with such communications, you acknowledge and agree that you have no right of privacy whatsoever. Upon request, you must provide us and franchisor any passwords or information, or consents needed to access that information.

11. **Certain Definitions.** As used throughout this Agreement, the following terms have the following meanings:

(a) The term “**person**” means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other entity or enterprise or any natural person.

(b) The term “**affiliate**” means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control

with, such person, and includes any subsidiaries or other entities that are beneficially owned by such person or its affiliates.

(c) The term “**attorney’s fees**” means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

12. **Attorneys’ Fees:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys’ fees, costs, expert witness fees and other related expenses including paralegal fees, travel and lodging expenses and court and arbitration filing costs. Reimbursement is due within 30 days of written notice after determination.

13. **Governing Law.** This Agreement is governed by the law of the state where the Business is located.

14. **Third Party Beneficiary.** The parties understand and acknowledge that the Franchisor is a third-party beneficiary of the terms of this Agreement and, at its option, may enforce the provisions of this Agreement against you. Your obligations under this Agreement will continue for the benefit of our and the Franchisor’s successors and assigns.

15. **Survival.** The provisions of this Agreement survive any termination of the Franchise Agreement or the relationship between you and us.

16. **Background Information.** The background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information,

Intending to be bound, the parties sign below:

**THE “FRANCHISEE”:**

**“YOU”:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**AREA DEVELOPMENT AGREEMENT**

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**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**  
**AREA DEVELOPMENT AGREEMENT**

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

Name of Developer: \_\_\_\_\_

Address of Developer: \_\_\_\_\_

Summary of Description of Development Area:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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**MEDI-WEIGHTLOSS FRANCHISING USA, LLC**  
**AREA DEVELOPMENT AGREEMENT**

**THIS AREA DEVELOPMENT AGREEMENT** (this “**Agreement**”) is effective on \_\_\_\_\_, 20\_\_ (“**Agreement Date**”) The parties to this Agreement are us, **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, with our principal office located at 509 S. Hyde Park Avenue, Tampa, Florida 33606 (referred to in this Agreement as “**we**,” “**us**” or “**our**”) and \_\_\_\_\_, whose principal address is \_\_\_\_\_  
\_\_\_\_\_  
(referred to in this Agreement as “**you**,” “**your**” or “**Developer**”).

**1. INTRODUCTION.**

1.1 **The MEDI-WEIGHTLOSS CLINICS® System.** Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system for the development and operation of businesses that, using our System, Marks and Copyrights, offer the Products and Services we designate or approve (the “**MEDI-WEIGHTLOSS CLINICS® Business(es)**”). We appoint certain persons who meet our standards and qualifications, and who are willing to undertake special efforts, the rights to own and operate a MEDI-WEIGHTLOSS CLINIC® Business franchise (“**Unit Franchises**”). Unit Franchises are granted under our Clinic Franchise Agreement, a form of which is attached as an exhibit to our Franchise Disclosure Document. In some instances, we appoint certain persons who meet our standards and qualifications and who are willing to undertake special efforts the right to develop and operate one or more MEDI-WEIGHTLOSS CLINICS® Businesses (“**Development Businesses**”) within a defined geographic area. Individuals or entities granted Unit Franchises are referred to as “**Franchisees**”. Individuals or entities granted the right to own and operate Area Development Businesses are referred to as “**Area Developers.**” By signing this Agreement, you are becoming and serving as one of our Area Developers for the operation of a Development Business. The MEDI-WEIGHTLOSS CLINICS® Businesses you will operate are sometimes referred to as “**Your Business(es).**”

Capitalized terms in this Agreement which are not otherwise defined in this Agreement have the same meanings as defined in our form of Unit Franchise Agreement.

You have applied to own and operate a Development Business. We grant to you the right to operate a Development Business subject to the terms and conditions, promises, representations, warranties and acknowledgements contained in this Agreement:

1.2 **Acknowledgments.** You acknowledge and agree that:

(a) you have read, in their entirety, this Agreement, its exhibits and our Franchise Disclosure Document;

(b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each MEDI-WEIGHTLOSS CLINICS® Business and to protect and preserve the System, Copyrights and goodwill of the Marks;

(c) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Development Business and MEDI-WEIGHTLOSS CLINICS® Businesses may evolve and change over time;

(d) an investment in a Development Business and MEDI-WEIGHTLOSS CLINICS® Businesses involves business risks and that your business abilities and efforts are vital to the success of the venture;

(e) any information you acquire from other MEDI-WEIGHTLOSS CLINICS® Business franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;

(f) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us;

(g) we have advised you to have this Agreement reviewed and explained to you by an attorney; and

(h) this Agreement is not effective unless and until it is executed by our duly authorized representative.

1.3 **Representations.** You represent to us, as an inducement to our entry into this Agreement, that:

(a) all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise;

(b) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the “**Anti-Terrorism Laws**”);

(c) neither you nor any of your owners, employees, agents, property or interests are subject to being “**blocked**” under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws; and

(d) you have read, in their entirety, this Agreement, its Exhibits and the Franchise Disclosure Document.

We have approved your request to purchase a Franchise and operate your Business in reliance on all of your representations.

1.4 **No Warranties.** We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of MEDI-WEIGHTLOSS CLINICS® Businesses. You acknowledge and understand the following:

(a) any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing MEDI-WEIGHTLOSS CLINICS® Business (or Practice) owned by us or our affiliates, or that is not contained in our Franchise Disclosure Document, is unauthorized, unwarranted and unreliable and should be reported to us immediately;

(c) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our Senior Vice President and General Counsel, Derek Kaloust; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it; and

(d) we make no representations or warranties that the sale, lease, or license of a MEDI-WEIGHTLOSS CLINICS® Business and/or franchise, does not violate any Federal or State laws including, without limitation, Federal and State laws prohibiting kickbacks, self-referral, fee-splitting, corporate practice of medicine, disclosures of ownership interest, or any other law relating to the Practice of a Profession or any other form of healthcare, medicine, Physician Activities, and/or Medical Products and Services.

1.5 **Business Organization**. If you are, at any time, a business organization (like a corporation, limited liability company or partnership) (“**Business Entity**”), you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Principal Owner’s Statement will completely and accurately describe all of your owners and their interests in you. A copy of our current form of "**Principal Owner’s Statement**" is attached as an Exhibit to our Franchise Disclosure Document;

(d) you and your owners agree to revise the Principal Owner’s Statement, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes that reduce your ownership below fifty-one percent (51%) may be made without our approval);

(e) a Principal Owner of the Business Entity (defined as a person with ownership of at least ten percent (10%) of its voting securities) must: (i) have a sufficient amount of experience in managing and operating full service Clinics (in terms of duration, operational responsibilities, previous training, etc.) as a general manager or in a similar supervisory position to demonstrate to us that he/she is capable of managing your Business; (ii) have management responsibility and authority over you or your Business, as applicable, on a day-to-day basis; (iii) be actively employed on a full-time basis to manage the Business' operations; (iv) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us); and (v) satisfactorily complete our initial training program and any other training programs we request during the Term;



(f) each of your Principal Owners, during the term of this Agreement, will sign and deliver to us our standard form of Principal Owner's Guaranty ("**Owner's Guaranty**") undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us (subject to the limitations described in the Principal Owner's Guaranty). A copy of our current form of Principal Owner's Guaranty is attached as an Exhibit to our Franchise Disclosure Document; and

(g) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like Articles of Incorporation or organization and partnership, operating or shareholder agreements).

## **2. TERM AND SUCCESSION.**

2.1 **Term of Agreement.** This Agreement commences on the Agreement Date and expires on the earlier of: (i) 10 years from the Agreement Date; or (ii) the completion of construction of the last MEDI-WEIGHTLOSS CLINICS® Business specified in the Development Schedule in Section 3.3. This Agreement may be terminated before it expires in accordance with Section 9. Upon expiration or termination of this Agreement, you will **not** have any further rights to acquire franchises to operate MEDI-WEIGHTLOSS CLINICS® Businesses; but you may continue to develop, own and operate all MEDI-WEIGHTLOSS CLINICS® Businesses subject to Clinic Franchise Agreements (the "**Clinic Franchise Agreement(s)**") with us in accordance with their terms. On expiration of this Agreement we may grant you successor development rights as described below.

### **2.2 Successor Rights and Conditions.**

(a) At the expiration of the term of this Agreement, if you and we both determine that additional MEDI-WEIGHTLOSS CLINICS® Businesses should be developed in the Development Area, we will offer you the right to enter into a Successor Area Development Agreement (a "**Successor Agreement**") if you meet all of the following conditions:

(i) you agree to further develop the Development Area in accordance with the Development Schedule that you and we agree upon and is established in the Successor Agreement;

(ii) you (or any affiliate) are not in default of any provision of this Agreement, any Clinic Franchise Agreement, or any other agreement you (or an affiliate) have entered into with us (or our affiliates);

(iii) you sign and deliver to us the Successor Agreement (which will be our then-current form of Area Development Agreement), which may include different fees and performance criteria and schedules;

(iv) you pay to us the development fee required by the Successor Agreement;  
and

(v) you sign and deliver to us a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, employees, agents, affiliates, successors and assigns.

(b) If we determine that additional MEDI-WEIGHTLOSS CLINICS® Businesses should not be developed in the Development Area, we will not allow anyone to establish additional MEDI-WEIGHTLOSS CLINICS® Businesses until the population of the Development Area increases to the level we believe warrants further development.

(c) After initially deciding that the Development Area does not warrant additional MEDI-WEIGHTLOSS CLINICS® Businesses, we later decide otherwise, we will offer you the right to enter into a Successor Agreement on the conditions described in Section 2.2(a) above.

2.3 **Timing and Method.** Not less than 6, nor more than 12, months prior to the expiration of this Agreement, you will notify us that you wish to enter into a Successor Agreement with us. After receiving that notice, we will promptly deliver to you the form of Successor Agreement, including the proposed Development Schedule to be used in the Successor Agreement or our written notice that we have determined that no additional MEDI-WEIGHTLOSS CLINICS® Businesses may be developed in the Development Area. You and we must both sign and deliver to each other the Successor Agreement (with a completed Successor Development Schedule) 30 days prior to the expiration of the term of this Agreement. If you do not sign and deliver to us the Successor Agreement, pay the Development Fee required under the Successor Agreement within 30 days prior to the expiration of this Agreement, you will be deemed to have elected **not** to enter into a Successor Agreement with us. If you do not meet the requirements described in Section 2.2, this Agreement will expire when indicated in Section 2.1.

2.4 **Rights on Expiration.** Upon expiration of this Agreement and when we determine that the Development Area is large enough for further development unless you sign a Successor Agreement with us, we may then operate or grant other persons franchises to operate MEDI-WEIGHTLOSS CLINICS® Businesses within the geographic area described in Section 3.1(a). You may continue to own and operate all MEDI-WEIGHTLOSS CLINICS® Businesses then in operation under your Clinic Franchise Agreements.

### **3. DEVELOPMENT RIGHTS AND OBLIGATIONS.**

3.1 **Development Rights.** If you are in full compliance with all of the provisions of this Agreement and all of the Clinic Franchise Agreements, then during the term of this Agreement, we will:

(a) grant to you (and affiliates), in accordance with Section 5 below, franchises for the ownership and operation of MEDI-WEIGHTLOSS CLINICS® Businesses to be located within the following geographic area (the “**Development Area**”):

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(b) not operate (directly or through an affiliate) nor grant a franchise for the operation of any MEDI-WEIGHTLOSS CLINICS® Businesses to be located within the Development Area, except for those franchises granted to you (and affiliates) pursuant to this Agreement.

3.2 **Rights Retained.** We (and our affiliates) retain the right in our sole discretion to:

(a) establish and grant to other franchisees the right to establish MEDI-WEIGHTLOSS CLINICS® Businesses anywhere outside the Development Area, on such terms and conditions as we deem appropriate (even immediately outside the border of the Development Area, but not within the Protected Area of any MEDI-WEIGHTLOSS CLINICS® Business affiliated with you);

(b) operate and grant franchises to others to operate businesses, whether inside or outside the Development Area, specializing in the sale of products or provision of services, other than a Competitive Business or MEDI-WEIGHTLOSS CLINICS® Business, using certain of the Marks and pursuant to such terms and conditions as we deem appropriate;

(c) operate and grant franchises to others to operate businesses or provide other services, whether inside or outside the Development Area, that do not use any of the Marks;

(d) market and sell, inside and outside of the Development Area, through channels of distribution other than full service MEDI-WEIGHTLOSS CLINICS® Businesses (like mail order or grocery, retail or convenience stores) or through special purpose sites (like Kiosk sites, airports, stadiums, theme parks, etc.), goods and services competitive with goods and services offered by MEDI-WEIGHTLOSS CLINICS® Businesses, under the Marks or under trade names, service marks or trademarks other than the Marks (but not Foundational Products and Services related to the MEDI-WEIGHTLOSS CLINICS® Program), except that we will compensate you for doing so in such amounts and in such manner as we reasonably determine in good faith in our sole discretion.

3.3 **Development Obligations.** During the term of this Agreement, you will at all times faithfully, honestly and diligently perform your obligations and continuously exert your best efforts to promote and enhance the development of MEDI-WEIGHTLOSS CLINICS® Businesses within the Development Area. Without limiting the foregoing obligation, you agree to:

(a) obtain locations and premises for MEDI-WEIGHTLOSS CLINICS® Businesses (the “sites”) approved by us; and

(b) execute Clinic Franchise Agreements for and open \_\_\_\_\_ MEDI-WEIGHTLOSS CLINICS® Businesses within the time periods mandated by the following schedule (the “Development Schedule”):

Unit No.	Clinic Franchise Agreement Execution Date	Opening Date of Franchise	Franchise Fee for each MEDI-WEIGHTLOSS CLINICS® Business
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

If the Opening Date in the chart above differs from the Opening Date required in the Franchise Agreement, the Opening Date in the above chart will amend and supersede the Opening Date required under the applicable Clinic Franchise Agreement. Otherwise, you must open each MEDI-WEIGHTLOSS CLINICS® Business by the Opening Date defined in the Clinic Franchise Agreement governing the franchise unit being developed. If a MEDI-WEIGHTLOSS CLINICS® Business is permanently closed after having been opened, you agree to develop and open a substitute MEDI-WEIGHTLOSS CLINICS® Business within 1 year from the date of its permanent closing separate and apart from the Development Schedule.

3.4 **Effect of Failure.** Strict compliance with the Development Schedule is the essence of this Agreement. If you do not timely meet your development obligations as of the end of any time period shown on the Development Schedule, or you do not open any MEDI-WEIGHTLOSS CLINICS® Business by the Opening Date defined in the Franchise Agreement, you will be in default of your obligations under this Agreement. If such a default occurs, it will constitute a material breach of this Agreement and we may then, in our sole discretion, elect to:

- (a) terminate this Agreement;
- (b) have the right to operate (directly or through affiliates) or grant franchises for the operation of MEDI-WEIGHTLOSS CLINICS® Businesses within the Development Area;
- (c) grant you an extension under the Development Schedule for such time period and for a non-refundable extension fee equal to the initial franchise fees for the number of MEDI-WEIGHTLOSS CLINICS® Businesses that are to be constructed under the Development Schedule but are not yet under construction that are behind the Development Schedule; or
- (d) reduce the Development Area and the Development Schedule to a size and magnitude that we reasonably believe you are capable of operating otherwise in accordance with this Agreement.

#### 4. **DEVELOPMENT FEE.**

4.1 **Amount and Consideration.** When you sign this Agreement, you agree to pay us on the Agreement Date a development fee (the “**Development Fee**”) in an amount equal to \$\_\_\_\_\_ multiplied by the number of MEDI-WEIGHTLOSS CLINICS® Businesses to be developed in the Development Area. For example, if the Development Schedule requires 5 MEDI-WEIGHTLOSS CLINICS® Businesses then the Development Fee is \$\_\_\_\_\_ = 5 x \$\_\_\_\_\_. The Development Fee is due in lump sum, is fully earned, and is non-refundable.

4.2 **Unit Franchise Fees.** The Development Fee is **not** applied toward the Unit Franchise Fee or any other fees due for any MEDI-WEIGHTLOSS CLINICS® Businesses you are to develop. You will pay us a Franchise Fee and all other fees for each MEDI-WEIGHTLOSS CLINICS® Business you develop as described in our Franchise Disclosure Document. However, during the term of this Agreement, the Franchise Fee for each MEDI-WEIGHTLOSS CLINICS® Business in the Development Area will be the amount designated per MEDI-WEIGHTLOSS CLINICS® Business in Section 3.3.

**5. SITE SELECTION/FRANCHISES.** Subject to the provisions of this Agreement, we will grant franchises to you for the operation of MEDI-WEIGHTLOSS CLINICS® Businesses to be located within the Development Area on the following conditions:

5.1 **Site Reports.** You agree to submit to us a complete site report (containing such information and collateral materials as we require from time to time) for each site at which you propose to establish and operate a MEDI-WEIGHTLOSS CLINICS® Business, before you acquire any interest in it (by lease or purchase). A complete site report may contain demographic, commercial and market feasibility studies, a site plan, a customary title insurance commitment, zoning verifications, Phase I environmental surveys and other information and photographs and such other information as we determine appropriate periodically. Each site you submit must be based on your belief that it conforms to the site criteria we establish from time to time.

5.2 **Site Evaluation.** We will evaluate all proposed sites and all sites are subject to our prior written approval. In evaluating a site that you propose, we will consider such matters as demographic characteristics of the proposed site, traffic patterns, land use and zoning, licensing and regulatory concerns, residential and recreational quality, parking, character of the neighborhood, renovation and construction concerns, competition from other facilities in the area, the proximity to other facilities (including other MEDI-WEIGHTLOSS CLINICS® Businesses), the nature of other businesses and MEDI-WEIGHTLOSS CLINICS® Businesses in proximity to the site and other commercial and residential characteristics (including the purchase price, rental obligations and other lease or acquisition terms for the proposed site), and the size, appearance and other physical characteristics of the site. You agree to obtain our prior written consent to the site before you sign any lease for, or a binding purchase agreement for, the proposed site. Nothing prevents us from operating (directly or through an affiliate), or from granting a franchise for the operation of, a MEDI-WEIGHTLOSS CLINICS® Businesses at any site outside of the Development Area.

5.3 **Site Approval.** We may withhold our consent to a site for reasons based on our business judgment. We will, by delivery of written notice to you, approve or disapprove each site proposed by you for the operation of a MEDI-WEIGHTLOSS CLINICS® Business. We agree to exert commercially reasonable efforts to notify you within 30 days after we have received the complete site report and other materials we have requested.

5.4 **Effect of Approval.** Our approval of the site (including its location, appearance and size) indicates only that we believe it falls within the acceptable criteria we have established at that time. You acknowledge and agree that:

(a) our approval of the site does not imply, assure, guarantee, warrant or predict profitability or success, express or implied.

(b) application of criteria that have been effective with respect to other sites may not be predictive of the potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors included in, or excluding from, our criteria could change, thereby altering the potential of a site;

(c) the uncertainty and instability of such criteria are beyond our control and we are not responsible for the failure of a site approved by us to meet expectations as to potential revenue or operational criteria; and

(d) your acceptance of a franchise for the operation of a MEDI-WEIGHTLOSS CLINICS® Business at a site you propose is based upon your own independent investigation of

the suitability of that location and that site even though we may provide guidance and assistance to you in selecting the site for your MEDI-WEIGHTLOSS CLINICS® Businesses.

5.5 **Clinic Franchise Agreement.** No Clinic Franchise Agreement contemplated under this Agreement and Unit Franchise right contemplated under it is/are effective unless and until both you and we execute the applicable Clinic Franchise Agreement. If we have approved and you have obtained lawful possession of or a formal commitment for the site, we will offer you a franchise to operate a MEDI-WEIGHTLOSS CLINICS® Business at the proposed site by delivering to you a Clinic Franchise Agreement in a form ready for signing by you (or an affiliate). You understand and agree that we may modify the Clinic Franchise Agreement from time to time; however, any modifications during the term of this Agreement will not vary the amount of the initial Franchise Fee, Monthly Fees or other fees to be paid to us. You (or an affiliate) must sign and deliver such Clinic Franchise Agreement to us within 30 days after our delivery to you along with payment of all initial franchise fees. If you (or your affiliate) do not timely sign and return such Clinic Franchise Agreement and tender payment of all initial franchise fees, we may revoke our offer to grant you a franchise to operate a MEDI-WEIGHTLOSS CLINICS® Business at such proposed site. Contemporaneously with the signing of the Clinic Franchise Agreement, each of your direct or indirect owners must sign and deliver to us a Principal Owner's Guaranty in the form attached to the Clinic Franchise Agreement or Franchise Disclosure Document.

## 6. **MANAGEMENT OF BUSINESS.**

6.1 **Management.** You (or, if you are a Business Entity a person having management rights and powers (e.g., officers, managers, partners, etc.) (the “**Manager(s)**”) agree to:

- (a) exert full-time efforts to the fulfillment of your obligations;
- (b) supervise the development and operation of MEDI-WEIGHTLOSS CLINICS® Businesses franchised pursuant to this Agreement; and
- (c) attend such training programs, meetings and conventions which we may offer during the term of this Agreement.

6.2 **Expenses.** You agree to bear all expenses incurred by you or your Manager(s) in attending such meetings, programs or conventions.

6.3 **Management Personnel.** You agree to hire and maintain the number and level of management and other skilled personnel required to adequately manage, supervise and provide personal services at all MEDI-WEIGHTLOSS CLINICS® Businesses operated by you in accordance with the guidelines we establish from time to time. You agree to promptly notify us of the identities of your key personnel, and any changes in such personnel. You are responsible for insuring that such personnel are properly trained and licensed to perform their duties.

6.4 **Joint and Several.** If two or more persons are at any time the Developer under this Agreement, their obligations to us are joint and several and the term “you” refers to all of them.

7. **CONFIDENTIAL INFORMATION/EXCLUSIVE RELATIONSHIP.**

7.1 **Types of Confidential Information.** We possess certain Confidential Information relating to the development and operation of MEDI-WEIGHTLOSS CLINICS® Businesses, as described in the Clinic Franchise Agreement.

We will disclose certain Confidential Information to you through various manuals and in providing training, guidance and assistance to you from time to time.

7.2 **Nondisclosure Agreement.** You acknowledge and agree that:

(a) you will not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of MEDI-WEIGHTLOSS CLINICS® Businesses under the Clinic Franchise Agreements during the term of this Agreement, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition; and

(b) the Confidential Information is proprietary, may involve our trade secrets and is disclosed to you solely on the condition that you agree, and you do agree, that you:

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

(ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information including restrictions on disclosure to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information.

7.3 **Noncompetition and Nonsolicitation.** During the Term of this Agreement neither you nor any of your owners if you are a Business Entity (a “**Restricted Person**”) will:

(a) engage in a Competitive Business or perform services for a Competitive Business, directly or indirectly, as a director, owner, proprietor, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise, except under a franchise agreement with us or our affiliates;

(b) have any direct or indirect interest, as a disclosed or beneficial owner, in a Competitive Business, except under franchise agreements with us or our affiliates;

(c) have any direct or indirect interest, as a disclosed or beneficial owner, in any entity which is granted or is granting franchises or licenses to others to operate any Competitive Business, except MEDI-WEIGHTLOSS CLINICS® Businesses or its, or your, Market Area under Clinic Franchise Agreements with us or our affiliates;

(d) recruit or hire any employee of ours or our affiliates or our franchisees without our prior written consent and/or that of the other franchisee; or

(e) directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, clients, contractors, referral sources, trade or patronage of ours, our affiliates or our franchisees as such may exist throughout the term of this Agreement.

7.4 **Competitive Business.** The words "**Competitive Business**" mean any business activity (other than a MEDI-WEIGHTLOSS CLINICS® Business under a Clinic Franchise Agreement with us) involving the marketing, solicitation and/or sale of, or providing administrative, marketing and operational assistance or support to, franchisees or licensees of any medically/physician monitored or operated, or non-medically/physician monitored or operated health, wellness, or weight loss or weight management facility or any other facility that offers the same or similar services, or is competitive with any Products and Services that we specify or approve for any MEDI-WEIGHTLOSS CLINICS® Business; and/or (ii) is a business or part of a chain of businesses that regularly advertises weight loss, weight management, wellness or other nutritional products and services. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us. Nevertheless, involvement in a Competitive Business does not include ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

## 8. **MARKS.**

8.1 **Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and each Clinic Franchise Agreement you and we execute, and is limited to your operation of MEDI-WEIGHTLOSS CLINICS® Businesses at the sites pursuant to and in compliance with the Clinic Franchise Agreements and all System Standards we prescribe from time to time during the term of the Clinic Franchise Agreements. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that neither this Agreement nor the Clinic Franchise Agreements confer any goodwill or other interests in the Marks upon you (other than the right to operate the MEDI-WEIGHTLOSS CLINICS® Businesses in compliance with the Clinic Franchise Agreements). All provisions of this Agreement and the Clinic Franchise Agreements applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

8.2 **Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of the MEDI-WEIGHTLOSS CLINICS® Businesses, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Manuals or otherwise. You will place a conspicuous notice at a place we designate in each of your MEDI-WEIGHTLOSS CLINICS® Businesses identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not do so, we may accomplish the notice or identification as we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning



the transfer, sale or other disposition of any MEDI-WEIGHTLOSS CLINICS® Business or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the MEDI-WEIGHTLOSS CLINICS® Business, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

8.3 **Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

8.4 **Discontinuance of Use of Marks.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing any of the MEDI-WEIGHTLOSS CLINICS® Businesses' signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

## 9. **TERMINATION.**

We may terminate this Agreement, effective on delivery of notice of termination to you, if:

(a) you fail to meet your obligations in accordance with the Development Schedule (unless we exercise other remedies under Section 3.4(a) - (c));

(b) you (or, if you are a Business Entity, any Manager or any principal owner) make an unauthorized assignment or transfer of this Agreement, an ownership interest in you or any interest in any affiliate's MEDI-WEIGHTLOSS CLINICS® Businesses or Clinic Franchise Agreements granted pursuant to this Agreement;

(c) you (or, if you are a Business Entity, any Manager or any owner) have made any material misrepresentation or omission in your application for the development rights conferred by this Agreement or are or have been convicted of, or plead, or have pleaded no contest, or guilty, to a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation of any other MEDI-WEIGHTLOSS CLINICS® Businesses;

(d) you (or, if you are a Business Entity, any Manager or any owner) make any unauthorized use of the Marks or any unauthorized use or disclosure of the Confidential Information;

(e) you fail to promptly pay us or our affiliates, within 15 days of the date when due, any amount or other obligation then owed to us or our affiliates;

(f) you fail to perform or observe any provision of any lease or sublease for any site, any financing document for any site or any lease or financing document for any of the approved Operating Assets or MEDI-WEIGHTLOSS CLINICS® Businesses Materials (as defined in the Franchise Agreement) and do not correct such failure within the applicable cure period;

(g) you fail to open your first MEDI-WEIGHTLOSS CLINICS® Business in accordance with the Development Schedule;

(h) you do not enter into a Clinic Franchise Agreement within 30 days after you have obtained lawful possession of, a lease for or a contract to purchase, a Site;

(i) you, or one of your principal owners, make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your business, or a principal owner's business, is attached, seized, subjected to a writ of distress, warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you, or a principal owner, or the business of any of them is not vacated within 30 days following the entry of such order;

(j) you, or any of your principal owners, engage in any dishonest or unethical conduct which may adversely affect the reputation of MEDI-WEIGHTLOSS CLINICS® Businesses or the goodwill associated with the Marks;

(k) you fail to comply with any other provision of this Agreement and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you;

(l) you fail on 2 or more separate occasions within any 12 consecutive month period or on 3 occasions during the term of this Agreement to comply with this Agreement or any Clinic Franchise Agreement, after we have notified you of the failure (pursuant to subsection (k) above or under such Franchise Agreement) whether or not such failures to comply are corrected after notice of the failure is delivered to you; or

(m) we have delivered to you (or an affiliate) a notice of termination of a Clinic Franchise Agreement in accordance with its terms and conditions or you (or your affiliates) have terminated a Clinic Franchise Agreement without cause, as defined in such agreement.

## **10. EFFECT OF TERMINATION AND EXPIRATION.**

10.1 **Continuing Obligations.** All of the obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, until they are satisfied in full or by their nature expire.

10.2 **Post-Term Competitive Restrictions.** Upon termination or expiration of this Agreement for any reason, you and your owners agree that, for a period of 2 years commencing on the effective date of termination or expiration, no Restricted Person will have any direct or indirect interest

(e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

- (a) at or within the Development Area;
- (b) Within the Development Area of any other Development Business; or
- (c) within 25 miles of any other MEDI-WEIGHTLOSS CLINICS® Businesses in operation or under construction on the effective date of the termination or expiration.

If any Restricted Person refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. Each Restricted Person expressly acknowledges that he possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. You acknowledge and agree that the time and geographic restrictions contained in this Section are reasonable and necessary to protect our interests and investments and do not and will not unduly burden you or deprive you of your ability to earn a living.

10.3 **Grant of Franchises.** Upon termination or expiration of this Agreement for any reason, your rights under this Agreement will terminate and you agree to immediately and permanently cease your development activities. We will then have no further obligation to grant you additional franchises for MEDI-WEIGHTLOSS CLINICS® Businesses and will be free to operate, or grant other persons franchises to operate, MEDI-WEIGHTLOSS CLINICS® Businesses within the Development Area.

10.4 **Marks and Confidential Information.** Except in connection with MEDI-WEIGHTLOSS CLINICS® Businesses you are then operating under Clinic Franchise Agreements, or with respect to which a Clinic Franchise Agreement has been signed, you agree to immediately and permanently cease to use, by advertising or in any manner whatsoever, the Marks and the Confidential Information; slogan, trademarks, trade names, service marks, designs, trade dress or logos which are similar in nature to the Marks; or any equipment, materials, forms, confidential methods, procedures, recipes and techniques associated with or similar to the System or which display the Marks or any other distinctive forms, slogans, signs, symbols, trade dress or devices associated with or belonging to us.

## 11. **TRANSFERS.**

11.1 **By Us.** This Agreement is fully transferable by us, and inures to the benefit of any assignee or other legal successor to our interest, as long as such assignee or successor agrees to be bound by, and assumes all of our continuing obligations under it.

11.2 **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation or partnership, your owners) and that we have granted this Agreement in reliance upon our perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you (or, if you are a Business Entity, your owners). Therefore, neither this Agreement (or any interest therein) nor any part or all of the ownership of you may be transferred by you or your owners without our prior written approval. Any such transfer without our prior written approval constitutes a breach of this Agreement and will convey no rights to, or interests in, this Agreement. As used in this Agreement, the term “**transfer**” includes your

(or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) any of the Clinic Franchise Agreements.

11.3 **Transfer to a Business Entity.** Notwithstanding Section 11.2, if you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than your MEDI-WEIGHTLOSS CLINICS® Businesses so long as you own, control and have the right to vote 51% or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. Furthermore, you may not transfer any ownership interests of 51% or more to anyone who does not meet our approval. All owners of 51% or more of every MEDI-WEIGHTLOSS CLINICS® Business and of any Business Entity must meet our approval. The organizational or governing documents of any Business Entity must recite that the issuance and transfer of any ownership interests of 51% or more in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of 51% or more of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of the your obligations under this Agreement.

11.4 **Franchise Transfers.** A transfer of any MEDI-WEIGHTLOSS CLINICS® Business developed pursuant to this Agreement may be made only in connection with the transfer of the Clinic Franchise Agreement for such MEDI-WEIGHTLOSS CLINICS® Business, and a transfer of the Clinic Franchise Agreement for any such MEDI-WEIGHTLOSS CLINICS® Business may be made only in connection with the transfer of all interests of yours in such MEDI-WEIGHTLOSS CLINICS® Business (or the affiliate that owns such MEDI-WEIGHTLOSS CLINICS® Business).

11.5 **Franchise Transfers; Conditions for Approval of Transfer.**

(a) **Application:** If you (or, if you are a Business Entity, your owners) are in full compliance with this Agreement and all of the Clinic Franchise Agreements, we will not unreasonably withhold our approval of a transfer that meets all the applicable requirements of this Section. The proposed transferee and its owners must be individuals of good moral character and otherwise meet our then applicable standards for Area Developers of MEDI-WEIGHTLOSS CLINICS® Businesses.

(b) **Development Rights:** If the transfer is of the development rights granted under this Agreement or a controlling interest in the Developer, or is one of a series of transfers which in the aggregate constitute the transfer of the development rights granted under this Agreement or a controlling interest in the Developer, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(i) the transferee must have sufficient business experience, aptitude and financial resources to operate the Development Business and develop the Development Area, and must either already own a MEDI-WEIGHTLOSS CLINICS® Businesses or is acquiring one or more of them in association with the transfer;

(ii) you must transfer all of the MEDI-WEIGHTLOSS CLINICS® Businesses you have developed under the Development Agreement;

(iii) you agree to pay us and our affiliates all amounts owed to us or our affiliates which are then due and unpaid and submit all required reports and statements which have not yet been submitted, under this Agreement, any Clinic Franchise Agreement or any other agreement between you (or an affiliate) and us (or our affiliates);

(iv) the transferee and/or its personnel must agree to complete our initial training program to our satisfaction;

(v) the transferee must agree to be bound by and expressly assume all of the terms and conditions of this Agreement for the remainder of its Term;

(vi) you (and your owners) must execute a general release, in form satisfactory to us, of any and all claims against us, our affiliates and our officers, directors, employees and agents;

(vii) we must approve the material terms and conditions of such transfer including, without limitation, that the price and terms of payment are not so burdensome as to affect adversely the future development of the Development Area and the operation of MEDI-WEIGHTLOSS CLINICS® Businesses in it;

(viii) if the transferee finances any part of the sale price of the transferred interest, you (and your owners) must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by you (or your owners) must be subordinate to transferee's obligations to us and our affiliates to comply with this Agreement and Clinic Franchise Agreements executed by the transferee;

(ix) all Restricted Persons must sign and deliver to us an agreement in which they confirm that they will comply with the competitive restrictions contained in Section 10.2 of this Agreement for 2 years commencing on the effective date of the transfer; and

(x) the transferee must pay us a fee equal to the greater of: (i) 50% of the Franchise Fees for the MEDI-WEIGHTLOSS CLINICS® Businesses that are required to be constructed under the Development Schedule that are not yet under construction; or (ii) 50% of the amount of the purchase price in excess of the Development Fee.

In connection with any transfer permitted under this Section, you agree to provide us with all documents to be signed by you and the proposed assignee or transferee at least 30 business days prior to signing.

11.6 **Right of First Refusal.** If you (or your owners) at any time decide to transfer this Agreement (as defined above) you will obtain a bona fide, signed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed purchaser and submit an exact copy of such offer to us. The offer must apply only to an interest in this Agreement or you. It must not include the purchase of any other property or rights of you (or your owners). The offer must completely describe the purchase price, payment terms, terms of the assumption of liabilities and all other material terms of the transfer (including all exhibits and other information so that we may readily determine the foregoing). Within 30 days from the date we receive the copy of such offer, we may purchase your rights under this Agreement and the assets of your business on the terms and conditions contained in the offer provided to us, except that:

- (a) we may substitute cash for any form of payment proposed in the offer (with a discounted amount if an interest rate will be charged on any deferred payments);
- (b) our credit will be deemed equal to the credit of any proposed purchaser;
- (c) we will have no less than 90 days to prepare for a closing; and
- (d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or with the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:
  - (i) ownership and condition of and title to stock or other forms of ownership interests and/or assets;
  - (ii) liens and encumbrances relating to the stock or other ownership interests and/or assets; and
  - (iii) validity of contracts and the liabilities contingent or otherwise of the corporation whose stock is being purchased.

The 30-day period will not commence until you have delivered to us full and complete documentation to enable us to fully evaluate the offer.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they will be bound by the competitive restrictions contained in Section 10.2 of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the transfer on the terms contained in the offer, subject to our approval of the transfer as described in this Section of this Agreement. If the transfer as described in the offer is not completed within 120 days after delivery of the offer to us, or if there is a material change in the terms of the transfer, we will again have the right of first refusal as described in this Agreement.

11.7 **Death or Permanent Disability.** Upon your death or permanent disability or that of one of your owners, the executor, administrator, conservator or other personal representative of such person must transfer his interest within a reasonable time, not to exceed 6 months from the date of death or permanent disability, to a third party approved by us. Such transfer, including, without limitation, transfer by devise or inheritance, is subject to all the conditions for transfers contained in Section 11.5, and, unless transferred by gift, devise or inheritance, subject to the terms of Section 11.6. Failure to dispose of such interest within that time period constitutes a breach of this Agreement. Our consent to a transfer of any interest subject to the restrictions of this Section does not constitute a waiver of any claims we may have against the assignor; nor will it be deemed a waiver of our right to demand the assignee's exact compliance with any of the terms or conditions of this Agreement or any Franchise Agreements.

11.8 **Public Offerings of Securities.** Notwithstanding any other provisions of this Agreement, you agree not to, without our prior written consent, sell or offer to sell any of your securities if such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, and the rules and regulations pursuant thereto, or the securities laws of any other state or territory of the United States franchising or of any other jurisdiction.

## 12. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

12.1 **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between the parties. We and you are independent contractors. Nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings as the owner of development rights granted under an Area Development Agreement with us in the ways we specify for doing so. If you do not, we may place such notices to accomplish the foregoing and you must reimburse us for doing so. You agree to place notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we may require from time to time.

12.2 **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in our liability for any of your indebtedness or obligations. You agree to not use the Marks in any way not expressly authorized by this Agreement or the Clinic Franchise Agreements. Except as expressly authorized in writing, neither you nor we will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other or be obligated by or have any liability under any agreements or representations made by the other. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of your business authorized by or conducted pursuant to this Agreement.

12.3 **Taxes.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your assets or upon us, arising in connection with the business conducted by you pursuant to this Agreement or any Clinic Franchise Agreement. Payment of all such taxes is solely your responsibility.

12.4 **Indemnification.** You agree to indemnify, defend and hold us and our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the “**Indemnified Parties**”) harmless from and against and to reimburse them for all claims, obligations and damages described in this Section, any and all taxes described in subsection 12.3 of this Agreement and any and all claims and liabilities directly or indirectly arising out of the operation of your Development Business (even if our negligence is alleged, but not proven), your breach of this Agreement or your use of the Marks in any manner not in accordance with this Agreement. For purposes of this indemnification, “**claims**” means and includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. The Indemnified Parties have the right to defend any such claim against them in such manner as they deem appropriate or desirable in their sole discretion. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

### 13. ENFORCEMENT.

13.1 **Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each provision of this Agreement, and any portion of any provision, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

13.2 **Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

13.3 **Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

- (a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;
- (b) acts of God;
- (c) acts or omissions of a similar event or cause.

However, such events or delays do not excuse payments of amounts owed at any time.

13.4 **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

13.5 **Waiver of Punitive Damages.** **EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO SECTION 12.4 OF THIS AGREEMENT AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR THE CONFIDENTIAL INFORMATION, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**



13.6 **Limitations of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

13.7 **Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. '1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY FLORIDA LAW, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISE OWNER, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION (IF ANY) ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. References to any law or regulation also refers to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

13.8 **Jurisdiction.** YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN HILLSBOROUGH COUNTY, FLORIDA, AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION.

13.9 **Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

13.10 **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

13.11 **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys fees. Attorneys fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

13.12 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

13.13 **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. However, nothing contained in this section will limit your right to rely on statements in our Franchise Disclosure Document.

13.14 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

13.15 **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. “**A or B**” means “**A**” or “**B**” or both.

13.16 **Certain Definitions.** The term “**family member**” refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term “**affiliate**” means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms “**franchisee, franchise owner, you and your**” are applicable to one or more persons, and/or Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term “**person**” includes individuals and Business Entities. The term “**section**” refers to a section or subsection of this Agreement. The word “**control**” means the power to direct or cause the direction of management and policies. The word “**owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

13.17 **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to,**” “**until**” and “**ending on**” (and the like) mean “**to but excluding.**” Indications of time of day mean Florida time.

#### 14. **NOTICES AND PAYMENTS.**

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

- (a) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(b) 3 business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

We may direct notices to your affiliates to you. All such notices must be addressed to the parties as follows:

If to Us: MEDI WEIGHTLESS FRANCHISING USA, LLC  
509 S. Hyde Park Avenue  
Tampa, FL 33606  
Attention: Derek Kaloust, General Counsel

If to You: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such date, or in which the receipt from the commercial courier service is not dated prior to 2 days prior to such date) will be deemed delinquent.

The parties to this Agreement now sign and deliver this Agreement in 2 counterparts effective as of the date shown on page 1, regardless of the actual date of signature.

**MEDI WEIGHTLOSS FRANCHISING USA, LLC DEVELOPER**

**INDIVIDUALS:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
[Print Name]  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
[Print Name]  
Date: \_\_\_\_\_

**CORPORATION, PARTNERSHIP OR  
LIMITED LIABILITY COMPANY**

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

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

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

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

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

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
CONVERSION ADDENDUM**

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**CONVERSION ADDENDUM  
BETWEEN  
MEDI-WEIGHTLOSS FRANCHISING USA, LLC  
AND \_\_\_\_\_**

THIS CONVERSION ADDENDUM (the “**Conversion Addendum**”) is effective as of the Agreement Date (regardless of the date of signature). It amends the Franchise Agreement including all addenda and exhibits (the “**Clinic Franchise Agreement**”) between MEDI-WEIGHTLOSS FRANCHISING, USA, LLC (“**we,**” “**us**” or “**our**”), and you \_\_\_\_\_ (you and we are sometimes referred to collectively as the “**parties**”).

1. Precedence and Defined Terms. You are signing the "**Clinic Franchise Agreement**" simultaneously with this Conversion Addendum. This Conversion Addendum is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Conversion Addendum supersedes any inconsistent or conflicting provisions of the Clinic Franchise Agreement. Terms not otherwise defined in this Conversion Addendum have the meanings as defined in the Clinic Franchise Agreement.

2. Replacement Agreement. You have been operating a business of a Medi-Weightloss Clinic (an “**Existing Business**”) under the following agreements with Medi-Weightloss Clinics, LLC and / or Physician’s Health Management, LLC, their owners or affiliates (collectively, “**Predecessor**”):

Agreement Name	Date of Agreement	Parties

(collectively each of the foregoing agreements are the “**Prior Agreement**”).

You wish to convert your Existing Business to a franchised MEDI-WEIGHTLOSS CLINICS® Business granted by us. You, we and Predecessor have agreed to terminate the Prior Agreement and replace it with the Agreement, as modified by the terms of this Conversion Addendum. Thus, the Prior Agreement is terminated as of the Effective Date. Simultaneous with the signing and delivery of this Conversion Addendum, you and we must sign and deliver to each other a full and general release in the forms attached as Exhibits “A” and “B.” This Conversion Addendum modifies the terms of the Clinic Franchise Agreement, which now governs our relationship with you. You are not relying on and will not rely on any information provided to you or representations or warranties made to you under or in connection with the Prior Agreement.

3. Franchise Fee. We will reduce the Franchise Fee to \$0.

4. Initial License Fee. We will reduce the Initial License Fee to \$0.

5. Initial package. You do not have to purchase, and we do not provide an Initial Package. The Initial Package Fee is \$0.

6. Training. Since you are currently operating and have been trained by Predecessor to operate an Existing Business substantially similar to a MEDI-WEIGHTLOSS CLINICS® Business, we will not provide you with, and you waive, the initial Owner/Manager Training described in the Clinic Franchise Agreement. The initial training we will provide you is described below:

\_\_\_\_\_

\_\_\_\_\_

7. Acknowledgements. You acknowledge and represent that in entering the Clinic Franchise Agreement you are not relying on any representation, warranty, financial statements, proforma, earnings claims or any other representations, financial or otherwise that we, or any of our affiliates, predecessors or agents, provided to you before you operated or while you were operating the Existing Business.

8. Other Terms. [any other mutually negotiated terms to be inserted below].

9. Remaining Terms Unaffected. The remainder of the Clinic Franchise Agreement is unaffected and is binding on the parties.

Intending to be bound, you and we sign and deliver this Conversion Addendum to each other as shown below:

\_\_\_\_\_  
("YOU")

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

MEDI-WEIGHTLOSS FRANCHISING,  
USA LLC, a Florida limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



EXHIBIT A

RELEASE

THIS RELEASE is given by **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company and **Medi-Weightloss Clinics, LLC** and **Physician’s Health Management, LLC** and each’s owners officers, directors, members and employees, beneficiaries, successors and assigns (individually and collectively, “we,” “us” or “our”), to \_\_\_\_\_ and all of your affiliates, employees, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, “you” or “your”). We are giving you this Release in accordance with the terms of the Conversion Addendum dated \_\_\_\_\_, 20\_\_ (the “**Conversion Addendum**”) and Clinic Franchise Agreement dated \_\_\_\_\_ (the “**Clinic Franchise Agreement**”). Unless otherwise defined in this Release, terms defined in the Conversion Addendum have the same meaning in this Release.

Effective on the date of this Release, we forever release and discharge you from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, arising out of the Prior Agreement (as defined in the Conversion Addendum) except for: (a) any royalties, promissory note obligations and other amounts you owe us or our affiliates; (b) any amounts you owe us or our affiliates for training and supplies purchases; (c) your obligations under the Clinic Franchise Agreement and/or Conversion Addendum; and (d) \_\_\_\_\_.

We are bound by this Release. We freely and voluntarily give this Release to you for good and valuable consideration and we acknowledge its receipt and sufficiency.

We represent and warrant to you that we have not assigned or transferred to any other person any claim or right we had or now have relating to or against any of you.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective \_\_\_\_\_, 2009, regardless of the actual date of signatures.

IN WITNESS WHEREOF, the undersigned execute this Release:

MEDI-WEIGHTLOSS  
FRANCHISING USA, LLC,  
a Florida limited liability company

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 200\_, by \_\_\_\_\_, as \_\_\_\_\_ of MEDI-WEIGHTLOSS FRANCHISING USA, LLC, A Florida limited liability company, on behalf of the company. He/She is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

ATTEST:

Medi-Weightloss Clinics, LLC  
a Florida Limited Liability Company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 200\_, by \_\_\_\_\_, as \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, on behalf of the \_\_\_\_\_. He/She is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

ATTEST:

Physician's Health Management, LLC  
a Florida Limited Liability Company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 200\_, by \_\_\_\_\_, as \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, on behalf of the \_\_\_\_\_. He/She is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

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EXHIBIT B

RELEASE

THIS RELEASE is given by \_\_\_\_\_ and my predecessors, agents, affiliates, legal representatives, owners, officers, directors, employees, successors, assigns, heirs, beneficiaries executors and administrators (collectively, “I,” “me” or “my”), to MEDI-WEIGHTLOSS FRANCHISING USA, LLC, a Florida limited liability company, and Physician’s Health Management, LLC and Medi-Weightloss Clinics, LLC, and all of their predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and its heirs, beneficiaries, executors and administrators (individually and collectively, “you” or “your”). I am giving you this Release in accordance with the terms of the Conversion Addendum dated \_\_\_\_\_, 200\_ (the “**Conversion Addendum**”) and Clinic Franchise Agreement dated \_\_\_\_\_ (the “**Clinic Franchise Agreement**”). Unless otherwise defined in this Release, terms defined in the Addendum have the same meaning in this Release.

Effective on the date of this Release, I forever release and discharge you from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which I now have or ever had against you, including without limitation, anything arising out of the Prior Agreement (as defined in the Conversion Addendum), except for your obligations under the Clinic Franchise Agreement and Conversion Addendum. Subject to the foregoing, this Release is effective for: (a) any and all claims and obligations, including those of which we are not now aware; and (b) all claims we have from anything which has happened up to now.

I am bound by this Release. I freely and voluntarily give this Release to you for good and valuable consideration and I acknowledge its receipt and sufficiency.

I represent and warrant to you that I have not assigned or transferred to any other person any claim or right we had or now have relating to or against any of you.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective \_\_\_\_\_, 2009, regardless of the actual date of signatures.

IN WITNESS WHEREOF, the undersigned executes this Release:

ATTEST:

\_\_\_\_\_ a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_)  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 200\_, by \_\_\_\_\_, as \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, on behalf of the \_\_\_\_\_. He/She is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**NCP ADDENDUM AGREEMENT**

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**NCP ADDENDUM**

**TO**

**FRANCHISE AGREEMENT**

**THIS NCP ADDENDUM** (the “**Addendum**”) to the Franchise Agreement effective as of \_\_\_\_\_, 2009 (the “**Franchise Agreement**”) by and between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, (“**we,**” “**us,**” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ (“**you,**” “**your,**” or “**Franchisee**”), is made and entered into to be effective for all purposes as of \_\_\_\_\_, 2009.

WHEREAS, the parties desire to amend certain sections of the Franchise Agreement

**NOW, THEREFORE,** in consideration of the mutual covenants and agreements contained herein and in reliance upon the representations and warranties hereinafter set forth, the parties hereto hereby agree as follows:

1. **Precedence and Defined Terms.** Terms used but not otherwise defined in this Addendum shall have the same meanings as defined in the Franchise Agreement. This Addendum modifies and supersedes any contrary provision of the Franchise Agreement.
2. **Changes.** Pursuant to the Franchise Agreement, certain modifications to the Franchise Agreement are made in accordance with this Addendum and pursuant to the terms of the Franchise Agreement. Under this Addendum, the Clinic will employ the Physicians and other Professionals.
3. **Amendment to Definitions of “Monthly Fee”.** In no event shall Monthly Fee be considered to include any revenue derived by Medical Practice of a Professional with or by a Physician with which Franchisee may contract from time to time during the Term or any renewal Term; provided, further, however, that in no event shall Monthly Fee be calculated, fees charged or Gross Sales be deemed to encompass, include or cause any (i) direct or indirect rebate, (ii) kickback, (iii) referral fee, or (iv) Client fees or percentage arrangements if sales are tied to the Practice of a Professional in exchange for a referral of clients by or to the Physicians.
4. **Gross Sales.** Consistent with this Addendum, the service fees and other compensation you receive from the Practice of a Professional will not be included in Gross Sales. You will provide space to the Professionals to provide their medical services in your Clinic, and may provide certain non-medical Practice Management Services to it.
5. **CPI Adjustment.** The Consumer Price Index adjustment described in the Franchise Agreement will apply to the fixed dollar amounts above.
6. **Scope of Business.** Your Clinic will sell Foundational Products and Services and Branded Products and Services and other Products and Services we may designate as part of the MEDI-WEIGHTLOSS CLINICS® Program to Clients and will charge program participation fees. However, the program participation fees may not include any component for medical services.
7. **Amendment to Definitions of “Manuals” and “Operations Manual”.** The definitions of the terms “Manuals” and “Operations Manual” as used throughout the Franchise Agreement are hereby amended to the degree necessary to reflect the Franchisee/Medical Practice Delineation (as defined below) and/or Franchisee’s advertising review rights described above; the parties hereto acknowledge and

agree that notwithstanding the terms, conditions, prohibitions and content of such Manuals, you shall not be required to adhere to or comply with any term, condition, prohibition or content of the Manuals at odds, or in conflict with, the Franchisee/ Practice of a Professional Delineation and that all terms, conditions, prohibitions and content of such Manuals that by their nature conflict with the Franchise Agreement as amended by this Addendum or the spirit or letter of this Addendum shall not be deemed to apply to you.

8. **Amendment of Certain Terms Referenced in Section 5; Generally.** The term “Art,” “Clinic Materials,” “Collateral,” “Development,” “Equipment,” “Operating Assets,” “Preferred Vendor Programs,” “Program Rules,” and “System Standards” are all hereby amended to the degree necessary so that when such terms are applied, utilized, referenced or interpreted in Franchise Agreement, we shall recognize the fact (i) that you will share space pursuant to a lease and administrative services agreement or other agreement or employ the Practice of a Professional (such agreement to be subject to our review for consistency with the Franchise Agreement and Addendum) with one or more Physicians or other Professionals or the like to provide the Medical Products and Services (collectively or separately, a “Practice of a Professional”), (ii) that we shall have no contractual privity with the Medical Practice, and the Practice of a Professional shall therefore have none of the rights or responsibilities expressed in the Franchise Agreement, (iii) that no individual elements of "Art", "Operating Assets," "Clinic Materials," "Collateral," "Development," "Equipment," "Operating Assets," or "System Standards" shall be deemed to relate or belong to the Practice of a Professional in the course of an effort by us to apply, utilize, reference or interpret such terms with regard to you, (iv) that the Medical Practice, and not you, may contract with clients to provide Medical Products and Services, and (v) that, notwithstanding any other term or provision of the Franchise Agreement, you shall in no way be obligated to us for the actions or conduct of the Physicians or Professionals with respect to the Practice of a Professional and you shall not be responsible for (x) causing the Practice of a Professional to adhere to System Standards or the spirit or content of the Manuals or this Franchise Agreement, or (y) any duty or liability associated with the sharing with the Medical Practice of Confidential Information (collectively, the "Franchise/Medical Practice Delineation"). In connection with this amendment and set of mutual understandings, the terms "affiliate," "control" and "owner" shall not be construed in any way in the Franchise Agreement to include a Practice of a Professional or their own affiliates, owners, control persons, or otherwise, in such terms, even if you and the Practice of a Professional share affiliates, owners, control persons or otherwise in common.

9. **Medical Director** We will not require a Medical Director to attend any Additional Training relating to the Practice of a Profession. Instead we may require that one of your personnel, other than your Medical Director, attend a training program we may designate as a replacement to such Medical Director's Training.

10. **Franchise Disclosure Document.** The parties acknowledge by the execution of this Addendum that all of the amendments of the Franchise Agreement accomplished hereby shall be deemed to relate to our Franchise Disclosure Document where necessary to effect the purpose and intent of this Addendum and, further, that you shall not be required to honor or observe any contrary standard, term, condition or covenant of our Franchise Disclosure Document at odds with this Addendum or the spirit or letter hereof, including, but not limited to the strategic import to you of the Franchisee/ Practice of a Professional Delineation.

11. **Change in Law.** This Addendum and the Franchise Agreement are intended to comply with existing federal laws and regulations and the laws and regulations of the state in which your Clinic is located. The parties acknowledge that the existing laws and regulations may change and that the courts or federal and state agencies with jurisdiction over the parties may change their interpretation of existing law. Upon the enactment or amendment of any applicable state law or federal law or regulation, or upon

the issuance of any judicial or interpretive ruling of any existing applicable state law or federal law or regulation that renders the Addendum or the Franchise Agreement, or any part of either, illegal or contrary to applicable law, either party shall notify the other party of such event by providing the other party an opinion of counsel to such effect. To the extent the change in law does not permit the severance of a specific provision of the Addendum or the Franchise Agreement without materially frustrating its purpose and substantially altering the essential relationship between the parties, the parties shall use their best efforts during a thirty (30) day period after such notice is sent by either party to mutually agree to such amendments to the Addendum and/or the Franchise Agreement as to permit the valid and legal continuation of each, preserving to the maximum extent possible the relative economic positions of the parties to the extent permitted by law. If, after such thirty (30) day period, the parties are unable to agree to amend the Addendum and the Franchise Agreement to comply with applicable law, the Addendum and the Franchise Agreement shall be terminable by either party if necessary to prevent the parties from operating in violation of applicable law.

12. **Remaining Terms Unaffected.** Except as expressly amended herein, all other terms and provisions of the Franchise Agreement remain in full force and effect and are hereby ratified and confirmed in all respects.

13. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which counterparts shall be deemed an original and all of which together shall constitute one and the same Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first written above.

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
PRINCIPAL OWNERS' STATEMENT**

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**PRINCIPAL OWNERS' STATEMENT**

This form must be completed by the Franchisee (“I,” “me,” or “my”) if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

**Form of Franchisee.** I am a (check one):

- 1. General Partnership
- 2. Corporation
- 3. Limited Partnership
- 4. Limited Liability Company
- 5. Other

Specify

**Business Entity.** I was incorporated or formed on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. I have not conducted business under any name other than my corporate, limited liability company or partnership name and \_\_\_\_\_. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____

**Owners.** The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner’s interest. Attach additional sheets if necessary.

Owner’s Name	Address	Description of Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of your Clinic organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of \_\_\_\_\_, 2009 .

INDIVIDUALS:

Signature \_\_\_\_\_

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

Signature \_\_\_\_\_

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

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

Name \_\_\_\_\_

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

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



**EXHIBIT H TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**PRINCIPAL OWNERS' GUARANTY**

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## PRINCIPAL OWNERS' GUARANTY

This Principal Owners' Guaranty (this "**Guaranty**") must be signed by the principal owners (referred to as "you" for purposes of this Guaranty only) of \_\_\_\_\_ (the "**Business Entity**") under the \_\_\_\_\_ effective as of \_\_\_\_\_, 2009 (the "Agreement") between the Business Entity and MEDI-WEIGHTLOSS FRANCHISING USA, LLC ("**us**," "**our**" or "**we**").

1. **Scope of Guaranty.** In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that your Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

This limitation on monetary fees does not in any way limit or waive any monetary or non-monetary obligations guaranteed by you under this Agreement which are not referenced in Section 2 of this Guaranty.

2. **Limitation of Scope of Guaranty.** In the event you are a Unit Franchise owner of a MEDI-WEIGHTLOSS CLINICS® Business, your monetary obligations for past due, unpaid or future monthly fees, License Fees, System Branding Fees, Site Selection Fees, Additional Opening Team Expenses, Additional Training Assistance, Local Advertising, Administrative Support fees, manual replacement fees, testing fees, administrative fees, and for operating assets or clinic materials purchases are limited to a total of \$100,000 in year 1; \$200,000 in years 2-3, and \$500,000 thereafter.

3. **Waivers.** Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

4. **Consents and Agreements.** Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

5. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses

and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

6. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Hillsborough County, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP  
INTEREST IN BUSINESS ENTITY

GUARANTORS

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

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**FORMS OF RELEASES: RENEWAL AND TRANSFER**

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**RELEASE -- RENEWAL**

THIS RELEASE is given by \_\_\_\_\_ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, "**Releasor**") to MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and their predecessors, agents, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, "**Released Parties**").

Releasor is a party to that certain \_\_\_\_\_ Agreement dated effective \_\_\_\_\_ (the "**Prior Agreement**"). Releasor seeks to enter into a successor \_\_\_\_\_ Agreement (the "**Successor Agreement**") pursuant to the terms for closing under the Prior Agreement. The Prior Agreement requires Releasor to provide this release to Released Parties as a condition to entering into the Successor Agreement. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges Released Parties from any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Releasor now has or ever had against Released Parties, including without limitation, anything arising out of that certain relationship under which Releasor was sold training, products or services to enable Releasor to operate or begin a business of operating a \_\_\_\_\_ **[insert either Clinic Franchise, Area Manager or Area Development]** business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties' obligations under the Successor Agreement dated effective \_\_\_\_\_ to which this release is an Exhibit. Subject to the foregoing, this Release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now.

2. Releasor is bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. The parties are executing this Release after independent investigation and without fraud, duress, or undue influence

3. For the purpose of implementing a full and complete release and discharge of all known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights which Releasor does not know or suspect to exist in Releasor's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

4. Releasor expressly acknowledges that if Releasor is located in California or is a resident of California, it has been fully advised by its attorney of the contents of Section 1542 of the Civil Code of California, and that that section and the benefits thereof are hereby expressly waived. Section 1542 reads as follows:

Section 1542. (General Release--Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of Claims, the Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitations, all Claims which the Parties do not know or suspect to exist in their favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any and all such Claims.

5. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

6. In this Release, each pronoun includes the singular and plural as the context may require.

7. This Release is governed by Florida law or [ ] \_\_\_\_\_ law (if box checked).

This Release is effective \_\_\_\_\_ 200\_\_ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, by \_\_\_\_\_, on behalf of \_\_\_\_\_ who is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
Serial Number of Notary \_\_\_\_\_



## RELEASE -- ASSIGNMENT

THIS RELEASE is given by \_\_\_\_\_ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, "**Releasor**") to MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and their predecessors, agents, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, "**Released Parties** ").

Releasor is a party to that certain \_\_\_\_\_ Agreement dated effective \_\_\_\_\_ (the "**Prior Agreement**"). Releasor seeks to, pursuant to the terms of the Prior Agreement; transfer its rights under the Prior Agreement to \_\_\_\_\_ ("**Transferee**"). As a result of such transaction (the "**Transfer**"), Releasor and Transferee will engage in a transaction that constitutes a "transfer" under the terms of the Prior Agreement. The Prior Agreement requires Franchisee to provide this release to Released Parties as a condition to entering into the Transfer. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges Released Parties from any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Releasor now has or ever had against Released Parties, including without limitation, anything arising out of that certain Prior Agreement, the relationship under which Releasor was sold training, products or services to enable it to operate or begin a business of operating a \_\_\_\_\_ **[insert either Clinic Franchise or Area Development or Area Manager]** business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties' obligations under the to which this release is an Exhibit. This Release is intended by the parties' agreements effectuating the Transfer. Subject to the foregoing, this release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now.

2. Releasor is bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. The parties are executing this License after independent investigation and without fraud, duress, or undue influence

3. For the purpose of implementing a full and complete release and discharge of all such known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights and claims except Released Parties', which Franchisee does not know or suspect to exist in Releasor's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

4. Releasor expressly acknowledges that if Releasor is located in California or is a resident of California, it has been fully advised by its attorney of the contents of Section 1542 of the Civil Code of California, and that that section and the benefits thereof are hereby expressly waived. Section 1542 reads as follows:

Section 1542. (General Release--Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of Claims, the Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitations, all Claims which the Parties do not know or suspect to exist in their favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any and all such Claims.

5. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

6. In this Release, each pronoun includes the singular and plural as the context may require.

7. This Release is governed by Florida law or [ ] \_\_\_\_\_ law (if box checked).

This Release is effective \_\_\_\_\_ 200\_\_ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, by \_\_\_\_\_, on behalf of \_\_\_\_\_ who is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

**EXHIBIT J TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
MEDICAL PRACTICE MANAGEMENT AGREEMENT**

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**MEDI-WEIGHT LOSS FRANCHISING USA, LLC**

**MEDICAL PRACTICE MANAGEMENT AGREEMENT**

THIS MEDICAL PRACTICE MANAGEMENT AGREEMENT (the “**Agreement**”) is effective as of \_\_\_\_\_, 2008 (the “**Agreement Date**”). The parties to this Agreement are \_\_\_\_\_ (referred to in this Agreement as “**we**”, “**us**”, “**our**” or “**Manager**” or “**Clinic**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (referred to in this Agreement as “**you**,” “**your**” or the “**Practice**”); and MEDI-WEIGHT LOSS FRANCHISING USA, LLC (“**Franchisor**”), a Florida limited liability company, with its principal business address at 777 South Harbor Island Blvd., Suite 130, Tampa 33602, Florida.

**I. INTRODUCTION.**

1.1. **The MEDI-WEIGHTLOSS CLINICS® System.** Through the expenditure of considerable time and effort, Franchisor and Franchisor’s affiliates have developed a distinctive system for the development and operation of businesses that, using Franchisor’s System, Marks and Copyrights, offer the Products and Services Franchisor designates or approves (the “**MEDI-WEIGHTLOSS CLINICS® Businesses**”).

The products and services Franchisor designates for offer and sale by MEDI-WEIGHTLOSS CLINICS® Business include Franchisor’s proprietary, designated or approved weight loss, nutritional weight management and wellness products and services, and other products and services Franchisor may designate or approve from time to time (the “**Products and Services**”). The Products and Services form part of Franchisor’s proprietary *physician-supervised* weight loss, wellness, nutritional and weight management program which Franchisor calls the “**Medi Program.**”

The Medi Program includes those Products and Services which the Franchisor refers to in its Manuals as the Franchisor’s “**Foundational Products and Service,**” “**Branded Products and Services,**” and “**Ancillary Products and Services**” as well as “**Medical Products and Services**” which are other services that must be provided by an independent Physician or other Professional employed by Medical Practice (or employed by the Affiliated Clinic if permitted by law) responsible for supervising and/or monitoring the Medi Program.

1.2. **Need for Medical Practice Affiliation.** Because of the need to comply with laws governing health care providers and Medical Products and Services, the MEDI-WEIGHTLOSS CLINICS® Businesses are usually comprised of 2 entities: (1) an affiliated clinic (the “**Affiliated Clinic**”) and (2) an affiliated independently owned and operated medical practice (the “**Practice.**”).

While the Franchisor and/or applicable law may permit common ownership between them, and even in some instances for the two entities’ operations to be operated as one entity, if you are executing this Agreement, then the MEDI-WEIGHTLOSS CLINICS® Business with which the parties will participate is to be operated by two separate entities.

We have entered into a MEDI-WEIGHTLOSS CLINICS® Franchise Agreement with Franchisor (the "**Franchise Agreement**").

Manager and Practice desire for the Clinic to serve as the Affiliated Clinic and for Practice to serve as the Medical Practice, to work in concert, in accordance with applicable laws, rules and regulations for the operation of the **MEDI-WEIGHTLOSS CLINICS®** Business identified, or which will be designated on **Exhibit "A"** (our MEDI-WEIGHTLOSS CLINICS Business). Items not otherwise defined herein have the meanings as defined in the Franchise Agreement.

The business the Practice will conduct to provide the Physician Activities and other Medical Products and Services in support of and in cooperation with the Clinic in connection with the MEDI-WEIGHTLOSS CLINICS® Business are referred to as the "**Practice's Weight Loss Business.**"

So, while the Affiliated Clinics (Managers) provide certain Products and Services, including the Practice Management Services, they and the Franchisor do not, where prohibited by applicable law or by the Franchisor, provide the Physician Activities or Medical Products and Services, but instead will offer other Products and Services to, and the in conjunction with, or separate from them, offer Practice Management Services to the Medical Practice, and coordinate marketing and delivery of the Medical Products and Services as well as to coordinate billing of the customers/patients of the Products and Services by the Medical Practice and the Affiliated Clinic.

Under this Agreement, the Clinic will provide you the "**Practice Management Services,**" which for purposes of this Agreement are those products and services provided by the Manager and the Practice hereunder.

The MEDI-WEIGHTLOSS CLINICS® Businesses operate under and using our Clinic Management System, accounting system and the Franchisor's distinctive business formats, uniforms, color schemes, methods, procedures, system-common practices and processes, advertising practices, hiring practices, designs, layouts, signs, product and service mix, licensed or proprietary software, hardware and electronic devices, standards, specifications, System Standards all of which we may improve, further develop or otherwise modify from time-to-time (the "**System**"). To the extent that the Practice assists with offering the Medi Program, it too will be required to operate in accordance with certain aspects of the System. And, while the Practice and its Physicians retain their independent medical/professional autonomy and judgment, if they offer the Medi Program, it must be provided according to the Franchisor's System Standards.

**II. ACKNOWLEDGEMENTS AND REPRESENTATIONS.** Under this Agreement the Practice will appoint the Clinic/Manager as the sole and exclusive manager/agent to administer and manage the operational and regulatory aspects of the Practice's Weight Loss Business pursuant to the terms and conditions set forth in this Agreement.

2.1. **Acknowledgments.** You acknowledge and agree that:

- (a) you have read, in their entirety, this Agreement, the Clinic Franchise Agreement and Franchisor's Franchise Disclosure Document;
- (b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain the Franchisor's high standards of quality and service and the uniformity of those standards at each MEDI-WEIGHTLOSS CLINICS® Business and to protect and preserve the System, Copyrights and goodwill of the Marks;
- (c) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a MEDI-WEIGHTLOSS CLINICS® Business (Practice and/or Clinic) may evolve and change over time;
- (d) an investment in a MEDI-WEIGHTLOSS CLINICS® Business (Practice and/or Clinic) involves business risks and that your business abilities and efforts are vital to the success of the venture;
- (e) any information you acquire from other MEDI-WEIGHTLOSS CLINICS® Business franchisees or other Medial Practices or Affiliated Clinics relating to their sales, profits or cash flows does not constitute information obtained from the Franchisor, nor does the Franchisor make any representation as to the accuracy of any such information;
- (f) in all of their dealings with you, our or the Franchisor's officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us or you and them, as applicable; and
- (g) we have advised you to have this Agreement reviewed and explained to you by an attorney;
- (h) We will perform your duties under this Agreement subject to our obligations to protect the System and operate the Clinic under the Franchise Agreement.

2.2. **Representations.** You represent to us, as an inducement to our entry into this Agreement, that:

- (a) all statements you have made and all materials you have submitted to us in connection with your entering into this Agreement are accurate and complete and that you have made no misrepresentations or material omissions to us;
- (b) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of

the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the “**Anti-Terrorism Laws**”);

- (c) neither you nor any of your owners, employees, agents, property or interests are subject to being “**blocked**” under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws; and
- (d) you have read, in their entirety, this Agreement, the Franchise Agreement and the Franchise Disclosure Document.

2.3. **No Warranties.** We and the Franchisor expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which the Franchisor will continue to develop and expand the network of MEDI-WEIGHTLOSS CLINICS® Businesses and their affiliated medical practices. You acknowledge and understand the following:

- (a) any statement regarding the potential or probable revenues, sales or profits of the business venture, if any, are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;
- (b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing MEDI-WEIGHTLOSS CLINICS® Business (or its Medical Practice) owned by us or the Franchisor or our or the Franchisor’s affiliates, or that is not contained in our Franchise Disclosure Document, is unauthorized, unwarranted and unreliable and should be reported to us and the Franchisor immediately;
- (c) you have not received or relied on any representations about us or the Franchisor’s franchising program or policies made by our or its officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement; and
- (d) we and the Franchisor make no representations or warranties that the structure or operations of a MEDI-WEIGHTLOSS CLINICS® Business and its relations with your or others does not violate any Federal or State laws including, without limitation, Federal and State laws prohibiting kickbacks, self-referral, fee-splitting, corporate practice of medicine, disclosures of ownership interest, or any other law relating to the Practice of a Profession or any other form of healthcare, medicine, Physician Activities, and/or Medical Products and Services.



2.4. **Business Organization.** If you or we are, at any time, a business organization (like a corporation, Physicians Association, limited liability company or partnership) (“**Business Entity**”):

- (a) You/we agree and represent that you/we have the authority to execute, deliver and perform your/our obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your/our incorporation or formation;
- (b) You represent and warrant that your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;
- (c) You represent and warrant that the Principal Owner’s Statement will completely and accurately describe all of your owners and their interests in you (a copy of our current form of Principal Owner’s Statement is attached to our Franchise Disclosure Document);
- (d) You and your owners agree to revise the Principal Owner’s Statement, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes that reduce your ownership below fifty-one percent (51%) may be made without our approval);
- (e) Each of your Principal Owners, during the term of this Agreement, will sign and deliver to us our standard form of Principal Owner’s Guaranty (“**Owner’s Guaranty**”) undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owner’s Guaranty is attached as an Exhibit to our Franchise Disclosure Document; and
- (f) At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like Articles of Incorporation or organization and partnership, operating or shareholder agreements).

**III. SITE AND MARKET AREA.** You agree to operate the Practice's Weight Loss Business only in connection with the Clinic and the MEDI-WEIGHTLOSS CLINICS® Business operating only at the fixed location approved by us (the "Site"), and agree to confine your marketing to the marketing performed by the Manager within the "Market Area." The Site and Marketing Area are designated in **Exhibit "B"**. The term of this Agreement (the "Term") will correspond with the same length as the term of the Franchise Agreement between Franchisor and the Affiliated Clinic, and terminates on the expiration or termination of that Franchise Agreement. The date your Weight Loss Business opens for business is referred to as the "Opening Date." This Agreement may be terminated before it expires according to the terms of this Agreement.

**IV. PRACTICE MANAGEMENT SERVICES.**

4.1. **Appointment of Manager.** Subject to the authority of the Medical Director of the Medical Practice's Weight Loss Business (who shall be appointed by the Practice and approved by Manager) and the Practice as set forth herein, Manager shall have the responsibility and, to the extent permitted by this Agreement, the authority to implement, operate and manage the Practice's Weight Loss Business in compliance with all applicable federal and State laws and regulations and to provide the following Practice Management Services. Manager's specific duties shall include the following:

- (a) Administering and managing the operational and reporting requirements of the Practice's Weight Loss Business to ensure it is operated in an efficient and businesslike manner;
- (b) Billing of Clients of the Practice and the Clinic in coordinated manner to enable the parties to track payments and to allocate revenues in a manner consistent with the Franchisor's System Standards and to enable calculation of the Fees due under the Franchise Agreement;
- (c) Arranging the purchase or equipment and supplies in connection with the Practice and ensuring that the purchases are consistent with the System Standards for the Medi Program and the Clinics' obligations hereunder;
- (d) Purchasing or leasing of equipment, supplies and nutraceuticals that are not otherwise regulated by the FDA or any relevant jurisdiction (including purchases through national purchasing programs) necessary for the operation of the Practice's Weight Loss Business, and properly maintaining all equipment and facilities of the Practice's Weight Loss Business or, to the extent contracts with respect to the foregoing already are in place, maintaining all existing contracts and agreements in good standing, unless Practice and Manager agree otherwise, and making all payments for items and services thereunder in a timely manner; provided, all monies for such payments shall be provided by the Practice and Manager shall have no obligation to lend, advance, extend credit to, guarantee, or otherwise finance all or any portion of any amount owed by the Practice;

- (e) Coordinating all reasonable and necessary actions to maintain all licenses, permits and certificates required for the operation of the Practice's Weight Loss Business; provided, except as required by law, Manager shall not be, be identified as, or have any obligation as a licensee, permit holder, or otherwise certified party hereunder;
- (f) Coordinating, together with the Medical Director, ongoing programs to increase community and payor awareness of the Practice's Weight Loss Business;
- (g) Subject to the approval by Practice, negotiating contracts for the provision of services by the Practice's Weight Loss Business with appropriate third party payers, both public and private;
- (h) Developing, implementing and enforcing, subject to approval by Practice, all necessary policies and operating procedures pertaining to each aspect of the Practice's Weight Loss Business;
- (i) Assisting the Medical Director with respect to the hiring, discipline and discharging of all personnel employed or engaged by the Practice who are assigned to the Practice's Weight Loss Business; assisting the Medical Director with the provision of staff orientation and education; assisting the Medical Director to ensure that staff are assigned duties based on their education, training, competency and job descriptions; and assisting the Medical Director with the development and implementation of all policies and procedures including patient rights and patient/staff grievance policies related to the Practice's Weight Loss Business;
- (j) Subject to Practice's approval, negotiating the purchase of necessary insurance coverage for the Practice's Weight Loss Business and to the extent requested by the Franchisor, arranging for the Franchisor and the Manager to be named additional insureds under such policies;
- (k) Overseeing accounting procedures, controls, and systems for the development, preparation and keeping of records and books of accounting relating to the business and financial affairs of the Practice's Weight Loss Business;
- (l) Assisting the Practice in developing and implementing the Practice's Weight Loss Business's quality assurance program;
- (m) Providing input and making recommendations to Practice on the overall charge structure of the Practice's Weight Loss Business;
- (n) Manager agrees to act in accordance with prevailing standards of care and prudence expected of managers of similar businesses in general, and to apply prudent business practices in managing the Practice's Weight Loss Business, to exercise good faith and use reasonable care and diligence in

carrying out its responsibilities hereunder, and comply with and support the efforts of Practice to ensure the compliance of the Practice's Weight Loss Business with all relevant statutes, regulations and administrative instructions; and

- (o) Manager shall, on behalf of and at the expense of the Practice, make payment of any fees due from the Practice to the Franchisor and suppliers of the MEDI-WEIGHTLOSS CLINICS® Business;
- (p) Perform such other duties and responsibilities as are necessary to enable the Practice to fulfill its role as the Medical Practice as described in the Franchise Agreement.

4.2. **Compensation of Manager's Staff.** Manager shall be solely responsible for the compensation of such employees and other personnel as Manager shall retain as Manager's employees ("**Manager Employees**"). Practice shall be solely responsible for the compensation of such employees and other personnel as Manager shall retain Practice's behalf ("**Practice Employees**"). While Manager is responsible for managing such activities, Manager shall have no liability for the payment of wages, payroll taxes and other expenses of their employment/retention or for the provision of any fringe benefit Practice may provide or offer its Practice Employees independent contractors. Manager shall have sole liability for the payment of wages, payroll taxes and other expenses of their employment/retention or for the provision of any fringe benefit Practice may provide or offer its Manager Employees independent contractors.

4.3. **Training and Refresher Programs.** At least \_\_\_ Physician(s) must be employed by or are operating owners of the Medical Practice. Each of them must attend and complete training as the Manager may designate from time to time, and the Manager's sole expense. The Practice is responsible for travel, living and compensation costs of your or their attendees. At least \_\_\_\_\_ of the Practice's Physician(s) must attend the Medical Training as described in the Franchise Agreement. The Practice acknowledges that neither the Manager nor the Franchisor is responsible for the content of, or the effect of the use of the Medical Training. The Medical Training will be provided by Franchisor's designee at times and locations designated by the designee. All participating Physicians are required to become an active member of the American Society of Bariatric Physicians. Physicians and the Practice represent, warrant and agree that its personnel will obtain sufficient independent medical and non-medical training at Practice's expense for the Practice to perform its functions in accordance with the prevailing standard of care in their respective professions.

## V. **OBLIGATIONS OF THE MEDICAL PRACTICE.**

5.1. **Employment of Physicians and Staffs.** Practice shall provide a sufficient number of duly-licensed or otherwise authorized and trained physicians, nutritionists and other personnel to provide timely and appropriate services to the clients of Practice's Weight Loss Business ("**Clients**"). Practice shall be solely responsible for the compensation of such employees and independent contractors, and Manager shall have no liability for the payment of wages, payroll taxes, fringe benefits or other expenses of their retention. Practice shall permit all

such personnel to receive training from Manager concerning the procedures and operations of the Practice's Weight Loss Business.

5.2. **Client Relationships.** Manager recognizes that, except as required by law, with respect to the Practice's Weight Management Business, Manager will manage and maintain all communications and proprietary rights to Clients of the Practice's Weight Loss Business.

5.3. **Lease of Site.** Manager and the Practice are responsible for reaching mutual agreement as the use of or lease of space for the Site necessary to operate the Affiliated Clinic and the Practice's Weight Loss Program. Practice and Manager will mutually determine if such relationship is space sharing or rental.

5.4. **Medi Program Equipment and Supplies.** The Manager will, at the Practice's expense, order initial and ongoing equipment and supplies necessary for the Practice to perform its obligations to provide the Medical Products and Services to Clients. Initial Operating Assets and Clinic Materials to be ordered on Practice's behalf and paid for by the Practice or Manager as each may mutually agree, are indicated on Exhibit "2". With respect to any pharmaceuticals or nutraceuticals that are required by law to be purchased or prescribed by the Medical Practice and not Manager, the Practice shall be responsible for doing so.

5.5. **Regulatory Review.** It is the Manager's and the Practice's independent obligation to ensure that the model for use of an affiliated Medical Practice to provide the Medical Products and Services (and any other aspects of the Practice of a Profession or the Practice of Medicine that Manager is prohibited from performing) complies with the applicable laws and rules in the state where they are located ("**your state**"). Within 30 days of the Agreement Date either Manager or Practice must have completed, and provided Franchisor with a copy, of a regulatory review of the legal and health care rules and regulations in the Practice's state that apply to the MEDI-WEIGHTLOSS CLINICS® Business and the parties relationships with each other, including an opinion of legal counsel. The legal opinion must address whether or not the parties may operate a MEDI-WEIGHTLOSS CLINICS® Business in your state, the restrictions that apply only to MEDI-WEIGHTLOSS CLINICS® Business operations and relations with the Practice and Clinic and whether such laws are consistent with this Agreement and the Franchise Agreement. If (a) such regulatory review would render it impossible or impractical to operate a MEDI-WEIGHTLOSS CLINICS® Business, in your state in accordance with this Agreement and (b) and the parties are unable to modify proposed operations to enable the MEDI-WEIGHTLOSS CLINICS® Business to comply, then any party may terminate this Agreement immediately on written notice.

5.6. **Compliance with Healthcare-Related Laws.** Without limiting Practice's or Manager's other obligations under this Agreement to comply with all applicable laws, each must ensure that their relationships with the Practice, Physicians and the Professionals, and the manner in which your MEDI-WEIGHTLOSS CLINICS® Business provides the Products and Services comply with all applicable laws, rules, regulations, ordinances and standards of professional conduct. As indicated above, Franchisor may require you and us to restructure your and our compensation arrangements with each other, the medical Practice, Physicians or the Professionals in order to comply with applicable law. You are responsible for ensuring that the Professionals and the Physicians, as well as any other healthcare-related professionals who are

employed by or work with you in any manner, are properly licensed, certified, trained, educated and experienced to perform the tasks assigned to them or to which they are likely to engage in connection with their relationship with us, your or our clients or the MEDI-WEIGHT LOSS CLINICS® Business. You agree that, to the extent we designate or is otherwise prohibited by applicable law, you will not bill nor accept any form of insurance, including Medicare, Medicaid or private insurance, for or in connection with the Services rendered or any other activity or service in connection with your customers. However, in limited circumstances, we, subject to our System Standards, may permit you to service customers whose Services are paid for or reimbursed by self-insured companies or third party payors we designate or approve. You understand and agree that this limitation may restrict the customers/clients to which you market or provide Services (such as prohibiting you from offering or selling to Medicaid and Medicare, or insurance reimbursed customers), and you willingly accept such limitation so that you may focus the activities of your Business, and limit them to, to the extent we may designate, “cash” payment on fee-for-service basis. By “**cash payment on a fee-for-service basis**,” we mean that you may charge your customers fees paid by credit card, with cash, debit card, checks or the like, which are paid directly by the customer and not by any public or private insurance carrier or fund. Notwithstanding anything else in this Agreement to the contrary, in the event Manager or any of its employees, independent contractors or agents engages in any practice, behavior or activity that involves patient abuse, negligence or otherwise poses a threat to the safety or welfare of Clients, the Practice shall have the right to terminate this Agreement immediately upon its delivery of such notice to Manager; provided, in the event such practice, behavior or activity is the result of any action or failure to act on the part of any employee, independent contractor or agent, Manager may cure by removing said employee, independent contractor or agent from any and all duties related to the Practice’s Weight Loss Business within five (5) days after receipt of the Practice’s notice.

5.7. **No Interference.** We and Franchisor may not and will not interfere with, supervise or assume any responsibility for you or your Professionals’, Physicians’ or other employees’, contractors’ or agents’ exercise of their medical professional judgment with respect to treatment of customers. his provision controls and modifies any other contrary provision of this Agreement that would in any manner affect or purport to limit the independent exercise of medical professional judgment by you, your Professionals, Physicians or employees, contractors or agents or that would require us to engage in any activity that would constitute the Practice of Medicine or any other form of a Practice of a Profession. All medical decisions, acts or omissions made by, or in connection with, any person in any way associated with your Business in the course of the Practice of Medicine or any other Practice of a Profession will be the decisions of the individual professionals involved and will not be affected by or attributed to us.

5.8. **Responsibility for Treatment.** You acknowledge and agree that we will in no way whatsoever be responsible for and you will indemnify us against any decisions, acts or omissions related to the medical treatment of, Practice of Medicine or any other Practice of a Profession in relation to, or violation of the privacy interests of any person in any way whatsoever associated with your Business. You agree to take all necessary measures to inform all individuals associated with and potential customers of your Business that we have no control over or responsibility for any person’s or persons’ Practice of Medicine or any other Practice of a Profession.

5.9. **HIPAA.** Pursuant to the provisions of 42 U.S.C. 1171, et seq., enacted as part of the Health Insurance Portability and Accountability Act of 1996, and the regulations promulgated thereunder, each as amended (collectively referred to herein as the “**HIPAA Rule**”), under the terms of the Agreement Manager is Practice’s “Business Associate” (as defined in the HIPAA Rule). As Practice’s Business Associate, Manager shall assume those obligations set forth in the Business Associate Agreement which is set forth on an Exhibit to the Franchise Disclosure Document.

## **VI. FEES.**

6.1. **Fees.** You and we agree to the fees set forth on Exhibit "3". You and we agree to structure our fees so as to comply with all applicable laws, rules and regulations.

## **VII. MARKS.**

7.1. **The Marks and Copyrights.** The Franchisor uses promote and license certain trademarks, service marks and other commercial symbols in the operation of MEDI-WEIGHTLOSS CLINICS® Businesses, including the trade and service marks “**MEDI-WEIGHTLOSS CLINICS Design<sup>SM</sup>**”, “**MEDI-WEIGHTLOSS CLINICS®**” (word mark), “**THE ONE THAT WORKS!<sup>SM</sup>**” and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of MEDI-WEIGHTLOSS CLINICS® Business (collectively, the “**Marks**”).

The Franchisor requires that the MEDI-WEIGHTLOSS CLINICS® Businesses operate offering the Products and Services the Franchisor authorizes and approve and utilizing the Marks, Copyrights and System. The Practice's right to use the Marks is governed by this Agreement.

7.2. **Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of your Practice at the Site pursuant to, and in compliance with, this Agreement, the Clinic Agreement and all System Standards Franchisor prescribes from time-to-time during its term. Your unauthorized use of the Marks MEDI-WEIGHTLOSS CLINICS® Business will be a breach of this Agreement and an infringement of Franchisor's rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for Franchisor's benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your Practice in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols Franchisor authorizes us or you to use.

7.3. **Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of the Practices Weight Loss Business, except that you agree to identify yourself as the independent owner in the manner we or applicable law prescribes. We will place a conspicuous notice at a place we designate in your Practice identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our

prior consent. If you do not comply, we may accomplish this task as we see fit and place the notice or identification anywhere we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we or Franchisor licenses to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of your Practice or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at your Practice, on supplies or materials we designate, and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

7.4. **Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, Franchisor, or Franchisor's attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our or Franchisor's attorneys, may be necessary or advisable to protect and maintain our or Franchisor's interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain Franchisor's interests in the Marks.

7.5. **Discontinuance of Use of Marks.** If it becomes advisable at any time in Franchisor's sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, including the complete replacement of any Mark or Copyright and/or the use of other Marks or Copyrights (due to merger, acquisition, or otherwise), you agree to comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing your Practice's signs. However, we will not indemnify you or reimburse you for any fees or disbursements to any attorney you retain in connection with the changing of your Practice's signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

7.6. **Copyrights.** You recognize that the various other materials we give you are subject to copyrights we own or license from others (like from Franchisor). Your right to use any information capable of being rendered into a tangible form that we claim as our copyrights, including spreadsheets, pro forma documents, forms, marketing materials, manuals, pricing lists, vendor lists, modifications to software, our or Franchisor's website, and any marketing materials, advertisements, TV ads, radio commercials and the like (including the look, compilation, feel and content) (collectively, the "**Copyrights**") are derived solely from this Agreement and limited to your operation of your Practice. Your, your agents', employees' and affiliates' unauthorized copying, transmission, use or derivative of the Copyrights in any



manner will be a breach of this Agreement and the Clinic Franchise Agreement with Franchisor and constitute your and their infringement of Franchisor's rights in and to the Copyrights. This Agreement does not confer any rights to the Copyrights in you other than the right to use them in connection with the operation of your Practice. You must follow all of the policies and procedures we or Franchisor designate from time-to-time for the protection of any Copyrights and any other materials which could be subject to Copyright protection. All provisions of this Agreement applicable to your use of the Copyrights apply to any additional Copyrights we authorize you to use during the Term of this Agreement. You must place Copyright notices on all of the other materials that we designate, in the manner we require.

7.7. **Copyright Infringements.** You must notify us immediately, in writing, of any apparent infringement of any of the Copyrights, or any challenge to your use of any of the Copyrights, or of any claim by any person of any rights in the Copyrights. You agree not to communicate with any person other than us, or Franchisor, or Franchisor's or our attorneys and your attorneys in connection with any such infringement, challenge or claim. We or Franchisor have sole discretion to take such action as we deem appropriate. We have the right to control exclusively any dispute, litigation, U.S. Copyright Office proceeding or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Copyrights, including the right to direct any settlement of such claim. You will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of our or Franchisor's attorneys, may be necessary or advisable to protect and maintain our or Franchisor's interests in any dispute, litigation or administrative proceeding involving the Copyrights or otherwise to protect and maintain our interests in the Copyrights. You may not at any time during the Term of this Agreement or thereafter, contest the validity of or ownership of any of the Copyrights, or assist any person in contesting the validity of ownership of any of the Copyrights.

7.8. **Discontinuance.** You must immediately modify or discontinue the use of any Copyrights as we direct from time-to-time. We will use commercially reasonable efforts to give you as much notice as possible before requiring you to stop use of any of the Copyrights. However, we have no liability or obligation to you for doing so.

## **VIII. CONFIDENTIAL INFORMATION.**

8.1. **Types of Confidential Information.** Franchisor possesses (and will continue to develop and acquire) certain confidential information (the "**Confidential Information**") relating to the development and operation of MEDI-WEIGHTLOSS CLINICS® Business, which includes (without limitation):

- (a) the System and the know-how related to its use;
- (b) plans, specifications, size and physical characteristics of MEDI-WEIGHTLOSS CLINICS® Business;
- (c) site selection criteria, land use and zoning techniques and criteria;
- (d) methods in obtaining licensing and meeting regulatory requirements;

- (e) sources and design of equipment, furniture, forms, materials and supplies;
- (f) marketing, advertising and promotional programs for MEDI-WEIGHTLOSS CLINICS® Business;
- (g) staffing and delivery methods and techniques for personal services;
- (h) the selection, testing and training of Managers/Medical Directors and other employees for MEDI-WEIGHTLOSS CLINICS® Business;
- (i) the recruitment, qualification and investigation methods to secure employment for employment candidates;
- (j) any computer Software we make available or recommend for MEDI-WEIGHTLOSS CLINICS® Business;
- (k) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of MEDI-WEIGHTLOSS CLINICS® Business;
- (l) knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;
- (m) recipes, formulas, preparation methods and serving techniques for Products and Services and the protocols for the Medi Program; and
- (n) knowledge of operating results and financial performance of MEDI-WEIGHTLOSS CLINICS® Business other than those operated by you (or your affiliates).

8.2. **Disclosure and Limitations on Use.** We or Franchisor will disclose much of the Confidential Information to you and personnel of your Practice by furnishing the Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Practice, you or your employees may develop ideas, concepts, methods, techniques or improvements (“**Improvements**”) relating to your Practice, which you agree to disclose to us and Franchisor. Franchisor will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of MEDI-WEIGHTLOSS CLINICS® Business. Improvements will then also constitute Franchisor's Confidential Information.

8.3. **Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Practice, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

- (a) will not use the Confidential Information in any other business or capacity;
- (b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- (c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and
- (d) will adopt and implement all reasonable procedures we may prescribe from time-to-time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of non-disclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential Information.

8.4. **Exceptions to Confidentiality.** The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

- (a) disclosure or use of information, processes, or techniques which are generally known and used in your Clinic (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and
- (b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

**IX. EXCLUSIVE RELATIONSHIP.** You acknowledge and agree that we and Franchisor would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among MEDI-WEIGHTLOSS CLINICS® Business if franchised owners of MEDI-WEIGHTLOSS CLINICS® Business were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that the Franchisor has granted the Franchise to us in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

- (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than your Practice;
- (b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;

- (c) perform services as a director, officer, manager, employee, physician, medical director, consultant, representative, agent or otherwise for a Competitive Business, wherever located;
- (d) recruit or hire any person who is our employee or the employee of any MEDI-WEIGHTLOSS CLINICS® Business without obtaining the prior written permission of that person's employer; or
- (e) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under this Agreement to develop and operate your Practice or otherwise (other than MEDI-WEIGHTLOSS CLINICS® Business operated under franchise agreements with Franchisor), unless your MEDI-WEIGHTLOSS CLINICS® business is managed by a medical director, approved by Franchisor, that has satisfactorily completed the training programs we designate. This provision does not prohibit passive investments in other Practices. However, an interest in a business in which your capacity is either a director, officer or majority stockholder (or any combination thereof) does not constitute a passive investment, and will be considered a breach of these provisions of this Agreement.

The term “**Competitive Business**” as used in this Agreement means any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any Practice or other business or facility that offers physician monitored or non-physician supervised weight loss, weight management, nutritional, wellness or health products and services, any Practice Management Services or any other products or services that are the same or similar to the Products and Services (including Other Services) then offered by MEDI-WEIGHTLOSS CLINICS® Businesses (other than a MEDI-WEIGHTLOSS CLINICS® Business operated under a franchise agreement with Franchisor).

## **X. TRANSFER.**

10.1. **By Us.** This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement.

10.2. **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest in it) nor any ownership or other interest that would reduce your voting or equity interest to less than fifty-one percent (51%) in you or your Practice may be transferred without our prior written approval. Any transfer without such

approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term “**transfer**” includes your (or your owners’) voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) your Practice.

An assignment, sale, gift or other disposition includes the following events:

- (a) transfer of ownership of capital stock or a partnership interest;
- (b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (c) any issuance or sale of your stock/ownership or any security convertible to your stock/ownership;
- (d) transfer of an interest in you, this Agreement or your Practice in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (e) transfer of an interest in you, this Agreement or your Practice, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or
- (f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon your Practice or your transfer, surrender or loss of possession, control or management of your Practice.

10.3. **Conditions for Approval of Transfer.** If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section 10, we will approve a transfer if the transferor is in full compliance with this Agreement and the transfer can demonstrate it will be able to allow us to meet our obligations under the Clinic Franchise Agreement.

10.4. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and your Practice or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of your Practice or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee’s exact compliance with any of the terms or conditions of this Agreement.

## **XI. TERMINATION OF AGREEMENT.**

11.1. **By You.** If you and your owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct or commence correction of such failure within sixty (60) days after written notice of such material failure is delivered to us, you may terminate this Agreement effective sixty (60) days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

11.2. **By Us On Notice.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- (a) You (or any of your owners) violate any of the representations or warranties in this Agreement, or you (or any of your owners) made any material misrepresentations or omissions in connection with your purchase of the Franchise;
- (b) you fail to begin operating your Practice within 180 days of the Agreement Date (unless we agree otherwise in writing);
- (c) we determine that any of your Physicians are unable to complete Medical Training to our satisfaction;
- (d) you abandon or fail to actively operate your Practice for five (5) or more consecutive business days, unless your Practice has been closed for a purpose we have approved or because of casualty or government order or is requiring mechanical repair or remodeling approved by us;
- (e) you (or any of your owners) surrender or transfer control of the operation of your Practice without our prior written consent;
- (f) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense;
- (g) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of your Practice, our Clinic or the goodwill associated with the Marks;
- (h) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you, your Practice or any aspect of the Business;
- (i) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;
- (j) you violate any federal, HIPAA, state, medical, privacy, health, safety or sanitation law, ordinance or regulation and do not cure violation within 24 hours to both our satisfaction and that of the governmental authority (this includes your failure to replace the Practice if it commits any of these kinds of violations);
- (k) you fail to pay any amounts due to us or any approved supplier and do not correct such failure within 15 days after written notice of such failure is delivered to you;

- (l) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of your Practice, unless you are in good faith contesting your liability for such taxes;
- (m) you (or any of your owners) contact any of our affiliates directly without our prior consent;
- (n) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your Practice is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or your Practice is not vacated within thirty (30) days following the entry of such order.

11.3. **After Notice.** We may also terminate this Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure it within thirty (30) days of our notice:

- (a) A Physician is not present at your Practice during all open hours (but one can be "on-call");
- (b) you fail to keep your Practice open during the required hours;
- (c) you purchase or lease any product or service from an unapproved supplier in violation of the System Standards or refuse to follow the treatment protocols for the Medi Program;
- (d) you fail to obtain and maintain permits and licenses required by applicable law;
- (e) if you are a Business Entity, you fail to maintain active status/good standing in your state of organization;
- (f) you default under, or violate any provision of, this Agreement or any other agreement with us or any of our affiliates; or
- (g) you fail to obtain any approvals or consents required by this Agreement.

## **XII. RIGHTS AND OBLIGATIONS UPON TERMINATION.**

12.1. **Our Rights upon Your Default.** In the event of your material default left uncurable in accordance with the applicable cure period under the Terms of this Agreement, the Lease or under any promissory note or other agreement with us, we are entitled, but not limited, to exercise any one or more of the following remedies in our sole discretion;

- (a) to take possession of the Site or any part thereof, personally, or by our agents or attorneys;
- (b) subject to HIPAA and State laws governing patient privacy to enter upon and take and maintain possession of all or any part of your Practice, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Practice's Weightloss Business without notice and with or without process of law;
- (c) to exclude you, your agents or employees from the Site;
- (d) as attorney-in fact for you, or in our own name, and under the powers herein granted, to hold, operate, manage and control your Practice and conduct the business, if any, thereof, either personally or by our agents, with full power to use such measures, legally rectifiable, as in our discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, granting full power and authority to us to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;
- (e) to cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;
- (f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site that may seem judicious, in our sole judgment;
- (g) to enter or obtain access to and control of the Site and remove applicable weight management equipment, at your expense and with or without prior notice to you; and,
- (h) to insure and reinsure the same for all risks incidental to our possession, operation and management thereof.

12.2. **Marks.** Upon the termination or expiration of this Agreement:

- (a) you may not directly or indirectly at any time or in any manner (except with respect to other MEDI-WEIGHTLOSS CLINICS® Business you



own and operate) identify yourself or any business as a current or former MEDI-WEIGHTLOSS CLINICS® Business, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a MEDI-WEIGHTLOSS CLINICS® Business in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

- (b) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;
- (c) you agree to deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this Agreement all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or Copyright or otherwise identifying or relating to a MEDI-WEIGHTLOSS CLINICS® Business and allow us, without liability to you or third parties, to remove all such items from your Practice;
- (d) you will promptly and at your own expense make such alterations we specify to distinguish your Practice clearly from its former appearance and from other MEDI-WEIGHTLOSS CLINICS® Business so as to prevent confusion by the public;
- (e) you agree that after the effective date of expiration of this Agreement, you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and
- (f) you agree to furnish us, within thirty (30) days after the effective date of expiration of this Agreement, with evidence satisfactory to us of your compliance with the foregoing obligations.

12.3. **Confidential Information.** You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

12.4. **Competitive Restrictions.** Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a successor franchise), you and your owners or Physicians you employ agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor,

partner, director, officer, employee, consultant, member, Medical Director, Physician, manager, representative or agent or in any other capacity in any Competitive Business operating:

- (a) at the Site or through the Practice;
- (b) within twenty-five (25) miles of the Site; or
- (c) within twenty-five (25) miles of any other MEDI-WEIGHTLOSS CLINICS® Business or Market Area in operation or under construction on the later of the effective date of the termination or expiration.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners and physician employees expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. Furthermore, your agreements with the Practice must provide that, to the maximum extent permitted by law, the Practice and its Physicians and Professionals agree to similar restrictions as are imposed on you under this Section. If any Physician or Professional with whom you contract engages in a Competitive Business without our consent following termination or expiration of the Agreement, you and such breaching physician or professional will be jointly and severally liable to pay to us a fee (the Physician Liquidated Damages) to help compensate us for our costs of such enforcement in the amount of the Physician Liquidated Damages listed on **Exhibit "1"**. Such fee, shall serve as partial liquidated damages and shall not be our exclusive recovery from you, or limit our recovery from you in any manner for any action. Without limiting the foregoing, the foregoing fee shall not be deemed as, no shall be used as a measure of our damages for competition by the Practice or any Professionals, and shall in no way limit our right to assert that we have no adequate remedy at law in the event of breach.

### **XIII. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

13.1. **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Practice personnel and others as the owner of your Practice and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time-to-time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so.

13.2. **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name

or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Practice's operation or the business you conduct pursuant to this Agreement.

13.3. **Taxes.** We will have no liability for any sales, use, alcohol surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your Practice, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

#### **XIV. INSURANCE.**

14.1. **Types Required.** During the term of this Agreement, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

- (a) comprehensive, public and product liability and professional liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Practice;
- (b) general casualty and property insurance including fire, flood, hurricane, vandalism and malicious mischief, and extended coverage insurance with a full replacement value of your inventory and contents of your Practice, covering such risks as are covered in the Standard Extended Coverage Endorsement;
- (c) comprehensive motor vehicle insurance (including personal injury protection, uninsured motorist protection, and “**umbrella**” coverage) for any motor vehicles operated by your Practice;
- (d) workers' compensation in the amounts required by applicable law for your Practice;
- (e) “**umbrella**” liability insurance;
- (f) liability insurance against liability for personal services care and negligence;
- (g) business interruption insurance;
- (h) comprehensive crime and blanket employee dishonesty insurance; and
- (i) such other insurance as is required under the Equipment Lease Agreement and any lease or other financing document (if any) for your Practice.

14.2. **Coverage Requirements.** You must maintain the insurance coverages in the minimum amounts we prescribe from time-to-time in the Manuals. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances. As your Manager, we will arrange for and purchase these policies at your expense and on your behalf.

14.3. **Policy Terms.** All insurance policies must:

- (a) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;
- (b) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;
- (c) name us and Franchisor as an additional insured;
- (d) contain a waiver of the insurance company's right of subrogation against us;
- (e) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;
- (f) provide that the insurance company will provide us with at least thirty (30) days' prior written notice of termination, expiration, cancellation or material modification of any policy; and
- (g) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

## **XV. ENFORCEMENT.**

15.1. **Severability; Substitution of Valid Provisions.** Medi-Weightloss Franchising USA, LLC has the right to enforce this Agreement as a third party beneficiary. Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provision will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

15.2. **Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

15.3. **Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

- (a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;
- (b) acts of God;
- (c) acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

15.4. **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

15.5. **Waiver of Punitive Damages.** EXCEPT FOR UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

15.6. **Limitations of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D)

UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

15.7. **Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY \_\_\_\_\_ LAW, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

15.8. **Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

15.9. **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

15.10. **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys fees. Attorneys fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

15.11. **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

15.12. **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. However, nothing contained in this Section will limit your right to rely on statements made in the Franchise Disclosure Document.

15.13. **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

15.14. **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time Practice owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us and Franchisor are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. “**A or B**” means “**A**” or “**B**” or both.

15.15. **Certain Definitions.** The term “**family member**” refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term “**affiliate**” means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms “**franchisee, franchise owner, you and your**” are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term “**person**” includes individuals and Business Entities. You and we are sometimes referred to individually as a “**party**” and collectively as “**parties.**” The term “**section**” refers to a section or subsection of this Agreement. The word “**control**” means the power to direct or cause the direction of management and policies. The word “**owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

15.16. **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to,**” “**until**” and “**ending on**” (and the like) mean “**to but excluding.**” Indications of time of day mean Florida time.

**XVI. NOTICES AND PAYMENTS.** All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

- (a) two (2) business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or
- (b) three (3) business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

If to You: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) days prior to such date) will be deemed delinquent.

Intending to be bound, you and we sign and deliver this Agreement in two (2) counterparts effective on the Agreement Date, regardless of the actual date of signature.

**“US”**

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

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

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

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

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

**“YOU”**

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

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

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

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

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

[Business Entity Name]

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

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

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

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



**EXHIBIT "1"**

**PHYSICIAN LIQUIDATED DAMAGES**

\$1000, per day for each day a Physician or Professional is in breach if the in-term non-competition covenants; \$100,000 if the Practice or a Physician violates the non-solicitation covenants; \$500,000 if a Physician or Professional violates the in-term or post term confidentiality covenants; and \$500,000 if any Physician or Professional violates the post-term non-competition covenants.

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**EXHIBIT "2"**

**INITIAL MANAGEMENT FEE**

I. The Initial Management Fee shall be a one time payment of \$ \_\_\_\_\_ due up front on the Agreement Date. Initial Management Fee includes the following items:

- Staff training program
- Medical and business operations support
- Patient EMR, RX management and financial system and Information Technology support.
- EKG machine
- Tanita Scale
- Zebra printers for labels
- Initial supply of stationary, business cards
- Secure access to intranet
- Assigned Response Manager
- Online non-medical training

II. Any Initial Operating Assets or Clinic Materials to be ordered.

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**EXHIBIT "3"**

**MANAGEMENT FEE**

As compensation for the performance of Manager's duties set forth in this Agreement, during each \_\_\_\_\_ period throughout the Term, commencing on the Effective Date and each annual anniversary of the Effective Date thereafter, Practice agrees to compensate Manager as follows:

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**EXHIBIT K TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**BUSINESS ASSOCIATE AGREEMENT**

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## BUSINESS ASSOCIATE AGREEMENT

This HIPAA Business Associate Agreement ("**Agreement**") is entered into this \_\_\_\_ day of \_\_\_\_\_, 200\_\_ by and between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC** (a "**Business Associate**") and \_\_\_\_\_ ("**Covered Entity**").

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings.

(a) "**PHI**" means "protected health information", as that phrase is defined in the Health Insurance Portability and Accountability Act of 1996 and at 42 CFR 164.501, each as amended from time to time (collectively, "**HIPAA**").

(b) "**Services**" means those services to be provided to or on behalf of the Covered Entity by the Business Associate, either directly or indirectly, pertaining to the relationship between them.

2. Acknowledgment of Confidential Nature of Information. Except as otherwise provided in this Agreement, Business Associate shall maintain the privacy, security and confidentiality of all PHI it receives from, gathers or created on behalf of Covered Entity (hereinafter referred to as "**CE's PHI**") in accordance with (i) all applicable statutes and regulations, including without limitation, HIPAA, and (ii) the terms of this Agreement.

3. Use of PHI. Each Business Associate is authorized to use and disclose, only in accordance with the provisions of this Agreement, CE's PHI that is reasonably necessary to provide the Services; provided, however, each Business Associate may not use or disclose CE's PHI in a manner that would violate HIPAA if Business Associate were a Covered Entity. Except as otherwise provided in this Agreement, each Business Associate shall and shall cause its officers, directors, employees, contractors and agents (i) not to use or access CE's PHI without the prior written consent of the Covered Entity and (ii) not disclose CE's PHI without the prior consent of the Covered Entity, which may be in writing, oral or by course of conduct.

4. Privacy and Security Obligations.

(a) Business Associate shall be responsible for and shall maintain the safety, security and integrity of CE's PHI.

(b) Each Business Associate specifically assures the Covered Entity that Business Associate shall appropriately safeguard CE's PHI, including without limitation in connection with the retention by Business Associate of third parties as a part of or in a manner affecting the Services. The permitted and required uses and disclosures of CE's PHI by any Business Associate extend only to utilizing CE's PHI within the context of performing the Services and accessing and making disclosures of such PHI solely in connection with each Business Associate's obligations with respect to the Services, or as otherwise required by law, both in a manner consistent with the then-applicable requirements of law, including, but not limited to HIPAA.

(c) Each Business Associate acknowledges that under HIPAA, Covered Entity could be deemed to be in violation of HIPAA if Covered Entity knew of a pattern of activity or practice of Business Associate that would be deemed a material breach or violation of Business Associate's obligations under this Agreement, unless Covered Entity takes reasonable steps to cure the breach or end the violation; and if such steps are unsuccessful, terminates the Services and/or reports the problem to the Secretary of Health and Human Services. Accordingly, each Business Associate shall immediately notify Covered Entity of each incident, whether isolated or a pattern of activity or practice of each Business Associate, that constitutes any such material breach or violation as described above.

(d) Each Business Associate may use and disclose CE's PHI for the proper management and administration of each Business Associate if (i) the disclosure is required by law; or (ii) Each Business Associate obtains reasonable assurances from the person to whom the information is disclosed (a) that CE's PHI will be held confidentially and used or further disclosed only as required by law or for the purposes for which it was disclosed to such person and (b) that such person will notify each Business Associate of any instances of which it is aware in which the confidentiality of CE's PHI has been breached.

5. Specific HIPAA Privacy and Confidentiality Obligations: In connection with CE's PHI, each Business Associate shall:

(a) not use or further disclose CE's PHI other than as permitted or required by this Agreement or as required by law.

(b) use appropriate safeguards to prevent use or disclosure of CE's PHI other than as provided by this Agreement.

(c) immediately report to Covered Entity any use or disclosure not permitted by this Agreement of CE's PHI by each Business Associate, its officers, directors, employees, contractors, agents or any third party of which Business Associate becomes aware.

(d) ensure that each of its officers, directors, employees, agents and contractors to whom it provides CE's PHI, agrees to the same restrictions and conditions that apply to each Business Associate with respect to such PHI.

(e) in accordance with the provisions of 45 CFR §164.524, as amended from time to time, provide Covered Entity with access to CE's PHI with respect to an individual for the purposes of responding to the individual's request to inspect or copy such PHI, within ten (10) business days after receiving a request from Covered Entity, unless additional time is reasonably required. If an individual requests access to CE's PHI with respect to that individual directly from any Business Associate, the Business Associate shall not provide such access but shall, within ten (10) business days, forward such request to Covered Entity, unless additional time is reasonably required. Response to the individual's request for access and any denials of access to CE's PHI shall be the responsibility of Covered Entity.

(f) in accordance with the provisions of 45 CFR §164.526, as amended from time to time, incorporate amendments to CE's PHI requested by the individual to whom it pertains, in the form and within the time as reasonably directed by Covered Entity. If an individual makes a request directly to the Business Associate to amend CE's PHI with respect to that individual, such Business Associate shall not amend such PHI but shall, within ten (10) business days, unless additional time is reasonably required, forward such request to Covered Entity. Covered Entity shall be responsible for assessing and responding to the individual's request for amendment.

(g) to the extent consistent with its duties and obligations, make available its internal practices, books and records (including this Agreement) relating to the use and disclosure of CE's PHI to the Secretary of the Department of Health and Human Services, or the Secretary's designee (as used herein, the term "**Secretary**" refers to either the Secretary or the Secretary's designee, as the case may be).

(h) in accordance with the provisions of 45 CFR §164.528, as amended from time to time, provide to Covered Entity an accounting of the non-routine uses and disclosures of CE's PHI with respect to an individual for the purposes of responding to that individual's request for such accounting. If Business Associate receives a request for accounting directly from an individual, such Business Associate shall not provide such accounting but shall, within ten (10) business days, unless additional time is reasonably required, forward such request to Covered Entity. Covered Entity agrees to be responsible for preparing and delivering such accounting to the individual after receipt of an accounting from such Business Associate. Each Business Associate shall implement all processes and procedures with respect to such Business Associate as are reasonably necessary to enable Covered Entity to comply with the request for accounting, including reasonable timeliness requirements.

6. Disclosure Pursuant to Agreement. To the extent any Business Associate discloses CE's PHI to a third party as permitted by this Agreement, except as otherwise required by law, the Business Associate must obtain, prior to making any such disclosure: (i) reasonable assurances from such third party that such CE's PHI shall be held confidential as provided pursuant to this Agreement, and only disclosed as required by law or for the purposes for which it was disclosed to such third party; and (ii) an agreement from such third party to immediately notify the Business Associate and Covered Entity of any breaches of confidentiality of CE's PHI, to the extent it has knowledge of such breach.

7. Disclosure Compelled by Law or Governmental Request. If Business Associate (i) becomes legally compelled by law, process or order of any court or a legislative body, or governmental agency to disclose CE's PHI, or (ii) receives a request from the Secretary to inspect the Business Associate's books and records relating to the use and disclosure of CE's PHI, the Business Associate shall notify the Covered Entity and cooperate with the Covered Entity in connection with any reasonable and appropriate action the Covered Entity deems necessary with respect to such PHI including, but not limited to, any effort by Covered Entity to quash, modify or amend such compulsion, order or request. Contemporaneously with its

delivery of any CE's PHI pursuant to a duly issued compulsion, order or request, Business Associate shall deliver to Covered Entity a true and complete copy of its response thereto including, but not limited to, copies of that CE's PHI included in the Business Associate's response. In the event any CE's PHI is seized or removed from Business Associate's control pursuant to a search warrant or any comparable legal compulsion, the Business Associate shall deliver a true and complete copy of said search warrant or legal compulsion and any inventory prepared by the seizing authority of those items and records seized or removed pursuant thereto to Covered Entity to the extent Business Associate has same.

8. Termination of Services. The Covered Entity may either require that the Business Associate take timely steps to mitigate any breach, or immediately terminate any agreement to provide the Services if Covered Entity, in its sole discretion, determines that Business Associate or its employees, agents or contractors, intends to violate or has violated a material term of this Agreement. Notwithstanding whether any agreement to provide Services expires by its own terms or is terminated with or without cause, except as otherwise expressly set forth herein, this Agreement shall terminate simultaneously with the termination of the agreement to provide the Services; provided the provisions of Sections 5, 6, 7, and 8 shall survive for a period of 6 years following the termination of the Agreement.

9. Obligations Upon Termination of Services. Upon the earlier of (i) the completion of the Services, or (ii) the termination of the agreement to provide Services, the Business Associate shall promptly return to Covered Entity all CE's PHI that Business Associate maintains in any form, unless the Covered Entity directs that the Business Associate destroy such CE's PHI (and retain no copies of such PHI). If a Business Associate is directed to destroy CE's PHI, it shall provide the Covered Entity with an affidavit, signed under oath, that all CE's PHI then in the possession of the Business Associate, or its employees and contractors has been destroyed. Provided, in the event the return or destruction of CE's PHI would jeopardize the Business Associate's ongoing ability to satisfy its ethical obligations or any successor rules adopted from time-to-time by the an applicable governing medical agency, or other body successor to that function, or is contrary to Business Associate's standard business practices regarding the protection and storage of information obtained from, created or obtained on behalf of its clients, then the return or destruction of CE's PHI will be deemed not to be feasible. If there are reasons that the return or destruction of CE's PHI is not feasible and such PHI must be retained for specific reasons, the requirements pertaining to CE's PHI set forth in this Agreement shall continue in effect for so long as the Business Associate retains such PHI. This Section 9 shall survive the termination of this Agreement and any agreement to provide Services for such period of time as may be required by law.

10. Inconsistencies. To the extent there are any inconsistencies between this Agreement and the terms of any agreement by which Covered Entity has engaged the Services of a Business Associate, the terms of this Agreement shall prevail.

11. Agreements with Business Associates, Contractors and Vendors. Each Business Associate shall incorporate in all agreements with its contractors and vendors to whom it intends to disclose CE's PHI, such HIPAA compliance provisions as are substantially in the form set

forth in this Agreement so that each shall be bound thereunder to the same extent as Business Associate is bound hereunder.

12. Headings; References to CFR. The headings of the paragraphs of this Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise affect the construction of the terms or provisions of this Agreement. References in this Agreement to Sections are to the sections of this Agreement. References to the CFR (Code of Federal Regulations) are intended to mean the cited section of the CFR as the same may be amended from time to time.

13. Modifications. The parties agree that Covered Entity may amend this Agreement as required to comply with any subsequent amendment or modification of HIPAA, or to comply with a decision of a Court or agency of competent jurisdiction applying or construing its provisions. Each Business Associate shall be deemed to accept and agree to any such amendment unless Business Associate notifies Covered Entity in writing not less than thirty (30) days after receiving such notice of amendment to this Agreement.

14. Incorporation by Reference/Execution. **This Agreement is incorporated into any and all agreements entered into by Covered Entity and Business Associate pursuant to which Business Associate shall receive, create or have access to CE's PHI.**

**On behalf of Business Associate:**

**On behalf of Covered Entity:**

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC**

\_\_\_\_\_

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

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

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

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

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

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

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**EXHIBIT L TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**ELECTRONIC FUNDS TRANSFER/AUTOMATIC TRANSFER AGREEMENT**

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**ELECTRONIC FUNDS TRANSFER/AUTOMATIC TRANSFER AGREEMENT**

**THIS ELECTRONIC FUNDS TRANSFER/AUTOMATIC TRANSFER AGREEMENT** (the “ACH Agreement”) is effective as of \_\_\_\_\_, 2009 (the “Agreement Date”) between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, with its principal business address at 509 S. Hyde Park Avenue, Tampa, Florida 33606 and \_\_\_\_\_, a \_\_\_\_\_ limited liability company whose **MEDI-WEIGHTLOSS CLINICS®** business address is \_\_\_\_\_ (referred to in this ACH Agreement as “you,” “your” or “Franchisee”).

1. **Precedence and Defined Terms.** You have signed, or are simultaneously signing with this ACH Agreement, a Clinic Franchise Agreement with us for a **MEDI-WEIGHTLOSS CLINICS®** franchise business (the “Franchise Agreement”). This ACH Agreement is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this ACH Agreement supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this ACH Agreement have the meanings as defined in the Agreement.

2. You authorize **MEDI-WEIGHTLOSS FRANCHISING USA, LLC** to initiate automatic transfer entries from your account to our account in the amount of the Monthly Fee due us per the Clinic Franchise Agreement beginning on the first day of the calendar month in which the opening date occurs (The opening date is the date we approve your business to open and begin accepting clients), and continuing on the same day of each month thereafter.

3. Your Account:

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

Bank Address: \_\_\_\_\_

Type of Account: \_\_\_\_\_

Bank Routing/Transit Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

4. You authorize and empower us as your agent with the authority to sign and file on your behalf, and on behalf of your business, all authorizations, instruments, agreements and other documents that the Bank, or any other bank or financial institution that you use, may require to initiate and/or continue the automatic transfer entries necessary. Your appointment of us as attorney-in-fact for you and the power of attorney granted in this ACH Agreement is irrevocable for the term of the Agreement.

5. This ACH Agreement and the Bank’s authority to make periodic automatic transfer entries remains in full force and effect until the Bank has received written notification from both you and us of the termination of such authority and this ACH Agreement in such time and in such manner as to afford the Bank a reasonable opportunity to act on such notice.

6. You agree to sign any and all other documents requested by us or as may be required by any financial institution to provide for the automatic withdrawal of payments as set forth in this ACH Agreement.

Intending to be bound, you and we sign and deliver this ACH Agreement in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature. This ACH Agreement is not binding on the parties until it has been fully signed and delivered by both parties.

**MEDI-WEIGHTLOSS  
FRANCHISING USA, LLC,**  
a Florida limited liability company

**Franchisee**  
a \_\_\_\_\_ limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

**EXHIBIT M TO THE DISCLOSURE DOCUMENT**

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**LIST OF FRANCHISEES AND LICENSED BUSINESSES.**

**AS OF DECEMBER 31, 2008  
(and December 31, 2007\*)**

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**I. MEDI-WEIGHTLOSS CLINICS® FRANCHISES:**

<b>State</b>	<b>Opening Date</b>	<b>Entity Name</b>	<b>Address</b>	<b>Telephone Numbers</b>
ALABAMA Anniston	12/03/2008	McClellan Park Weightloss Clinic, LLC	171 Town Center Dr., Suite MPS-8 Anniston, AL 36205	256-241-6334
ALABAMA Fairhope	10/24/2008	Fairhope Weightloss Clinic	188 Hospital Dr, Suite 304 Fairhope, AL 36532	251-990-6535
ARIZONA Central Phoenix	08/10/2008	O'Neal & Associates, LLC	29 W. Thomas St., #201 Phoenix, AZ 85013	602-633-2600
ARIZONA* Avondale	02/06/2008	Bionic, Inc.	10320 W. McDowell Rd, Bldg I, #9031, Avondale, AZ 85392-4863	623-478-0900
ARIZONA* Paradise Valley	01/23/2008	O'Neal & Associates, LLC	4614 E. Shea Blvd, Suite D-140 Phoenix, AZ 85028	602-485-1000
ARIZONA* North Phoenix	11/13/2008	Bionic, Inc	4139 W. Bell Rd., #9, Phoenix, AZ 85053	602-548-2450
FLORIDA Cape Coral	09/15/2008	Physicians Weightloss Clinic of Cape Coral, LLC	3046 Del Prado Blvd, Suite 1B Cape Coral, FL 33904	239-471-2125
FLORIDA Fort Myers Beach	12/29/2008	FMB Mangrove Network, LLC	1661 Estero Blvd., Unit #3 Fort Myers Beach, FL 33931	239-233-8671
FLORIDA Hallandale	10/21/2008	MWL Hallandale, LLC	1731 E. Hallandale Beach Blvd. Hallandale, FL 33039	954-455-6551
FLORIDA Lake Mary	09/04/2008	GK1, LLC	4300 W. Lake Mary Blvd., Suite 1010, Lake Mary, FL 32746	407-333-9100
FLORIDA Melbourne	07/15/2008	Medi Melbourne, LLC	7630 N. Wickham Rd, Suite 104 Melbourne, FL 32940	231-610-7982
FLORIDA Miramar	10/03/2008	MWL Miramar, LLC	1951 SW 172 <sup>nd</sup> Ave Miramar, FL 33029	954-437-4333
FLORIDA North Miami Bch	04/22/2008	MWL South Florida, LLC	3099 N.E. 163 <sup>rd</sup> St. North Miami Beach, FL 33160	786-274-1240
FLORIDA Sarasota	01/06/2009	Medi-Weightloss Clinics of Sarasota, LLC	3534 Fruitville Rd. Sarasota, FL 34237	941-954-3800
FLORIDA Spring Hill	03/17/2008	Medi-Weightloss Clinics Spring Hill, LLC	Momentarily Closed – In process of moving franchise to another location.	N/A
FLORIDA Winter Haven	01/28/2009	Ralph & Greg Holding Co., LLC	1483 6 <sup>th</sup> St. NW Winter Haven, FL 33881	863-299-1805
FLORIDA* Fort Myers	06/10/2008	NMS Weightloss Clinic I, LLC	6150 Diamond Centre Ct ,Bldg. 400 Fort Myers, FL 33912	239-333-0828
FLORIDA* Naples	01/14/08	NMS Weightloss Clinic II, LLC	1715 Heritage Trail, Suite 201 Naples, FL 34112	239-325-1633
FLORIDA* Orlando	02/01/2008	Medi-Weightloss Clinics of Orlando, LLC	7932 W. Sand Lake Rd, #100 Orlando, FL 32819	407-226-2993
FLORIDA* Trinity	02/01/2009	Medi Weightloss Trinity, LLC	8923 Mitchell Blvd. Trinity, FL 34655	727-375-1710
MASSACHUSETTS Plainville	02/10/2009	Weight Loss Foxboro, LLC	111 Washington Ave. Plainville, MA 02762	508-699-2222
NEVADA Henderson	09/09/2008	Medi Weightloss Clinics of Nevada, LLC	2739 Sunridge Heights Parkway, Henderson, NV 89052	702-897-3800
NEW JERSEY* Randolph	12/20/2008	M.D. Weight Control, LLC	600 Mt. Pleasant Ave. Dover, NJ 07801	973-891-1870

State	Opening Date	Entity Name	Address	Telephone Numbers
NEW YORK Staten Island	09/03/2008	Staten Island Weight Loss Medicine Associates, PLLC	1975 Hylan Blvd., Suite 1 Staten Island, NY 10306	718-668-2600
NORTH CAROLINA Charlotte (South Park)	05/01/2008	Medi Weightloss of South Park, LLC	2935 Providence Rd, Suite 107, Charlotte, NC 28211	704-926-7546
RHODE ISLAND East Providence	06/10/2008	Weight Loss East Providence, LLC	387 Waterman Ave. East Providence, RI 02914	401-431-5677
RHODE ISLAND Providence	09/09/2008	Weightloss at Kennedy Plaza, LLC	145 Westminster St., 4 <sup>th</sup> FL, Providence, RI 02903	401-861-5677
RHODE ISLAND* Cranston	01/18/2008	Weightloss Cranston, LLC	894 Oaklawn Ave. Cranston, RI 02920	401-944-5400
TEXAS Flower Mound	01/07/2009	Flower Mound Medi, LLC	4300 Windsor Centre Trail, Ste 200, Flower Mound, TX 75028	972-691-6334
TEXAS Southlake	06/03/2008	Southlake Medi Weightloss Clinics, LLC	601 Zena Rucker Rd., Suite 105 Southlake, TX 76092	817-488-6334
TEXAS Waco	10/21/2008	Waco Weightloss Investors, Ltd.	300 Richland West Circle Waco, TX 76712	254-741-8686

\*Conversion from Licensee to Franchisee

## II. LIST OF LICENSED BUSINESSES:

State	Opening Date	Entity Name	Address	Telephone Numbers
ALABAMA Mobile	1/31/2008	Medi-Weightloss Clinics of Mobile, LLC	3715 Dauphin Street, Suite 3B Mobile, Alabama 36608	251-344-5949
ARIZONA Scottsdale	10/23/2007	Scottsdale Airpark Medi-Weightloss Clinic, LLC	15090 N. Northsight Blvd. Suite 104 Scottsdale, Arizona 85260	408-596-4014
ARIZONA Glendale	10/23/2007	Lyndee Nester	20229 North 67th Avenue C-7 Glendale, AZ 85308	623-572-0500
ARIZONA Surprise	10/29/2007	C and M Ventures, LLC	17014 W. Bell Road, Suite 101 Surprise, Arizona 85374	623-584-1962
ARIZONA Peoria	1/9/2008	Medi Weightloss Clinics Peoria, LLC	9069 West Olive Avenue, Suite 104 Peoria, Arizona 85345	480-596-4014
CALIFORNIA Los Gatos	7/23/2007	Medi-Weightloss Clinic - Los Gatos, Inc.	800 Pollard Road Suite C30 Los Gatos, California 95032	408-871-7726
CALIFORNIA San Jose	1/29/2008	Medi Weightloss Clinics of San Jose, Inc.	321 S. Monroe Street San Jose, California 95128	408-246-1100
FLORIDA Tampa	3/1/2006	Medi Kennedy LLC	4039 W. Kennedy Blvd. Tampa, Florida 33606	813-281-0500
FLORIDA Lutz	5/15/2006	WWH Weight Loss LLC	24420 State Road 54, Lutz Florida 33511	813-909-1700
FLORIDA Clearwater	4/1/2006	Florida Fertility Institute, P.A.	2454 N. McMullen Booth Rd. Clearwater, Florida 33759	727-726-6338
FLORIDA Brandon	12/1/2006	Medi Brandon LLC	203 W. Bloomingdale Ave. Brandon, Florida 33511	813-654-1110

State	Opening Date	Entity Name	Address	Telephone Numbers
FLORIDA Pensacola	1/1/2006	Medi Weightloss Clinics Holdings, LLC	1020 North Palafox Street Pensacola, Florida 32501	850-479-7373
FLORIDA St. Pete	5/1/2007	Medi-Weightloss Clinics - St. Petersburg I, LP	3268 66th Street N. St. Petersburg, FL 33710	727-343-3120
FLORIDA Trinity	10/31/2007	Medi-Weightloss Trinity, LLC	8923 Mitchell Blvd. Trinity, Florida 34655	727-375-1710
FLORIDA Jupiter	9/6/2007	Jupiter Medi-Weightloss	4600 Military Trail Suite 115 Jupiter, Florida 33458	561-776-5820
FLORIDA Boca Raton	10/29/2007	Medi-Weightloss Clinic of Boca Raton, LLC	555 North Federal Hwy, Suite 18-20 Boca Raton, Fl 33432	561-750-5270
FLORIDA Gainesville	11/13/2007	Medi Weightloss Clinics of Gainesville I, LLC	1143 NW 64 Terrace Gainesville, Florida 32605	352-224-1177
FLORIDA Bayonet Point	1/14/2008	Medi Weightloss Clinics Bayonet Point Inc.	12000 Highway 19 North Hudson, Florida 34667	727-705-0022
FLORIDA Lakeland	1/31/2008	Maulorico and McFadden Holding Company, LLC	5050 South Florida Ave. Suite 1 Lakeland, Florida 33813	863-691-9740
KANSAS Andover	9/16/2007	Medi-Weightloss of Kansas, LLC	1145 N. Andover Rd. Suite 109 Andover, Kansas 67002	316-733-8505
MASSACHUSETTS Woburn	4/10/2007	Kaloust Donovan Medi LLC	400 W. Cummings Pk, Suite 1800, Woburn, MA 02472	781-937-6339
MASSACHUSETTS Danvers	1/22/2008	KJC Medi-Weightloss Clinics, LLC	235 Newbury Street, Route 1 Danvers, Massachusetts 02472	978-265-0697
MASSACHUSETTS Chelmsford	1/25/2008	Medi-Weightloss Clinics of Chelmsford, LLC	4 Meeting House Road, Suite 14, Chelmsford, Massachusetts 01824	978-501-3031
MASSACHUSETTS Salem	06/04/2008	Mye Medi, LLC	84 Highland Avenue Salem, Massachusetts 01972	617-775-6822
MASSACHUSETTS Watertown	1/14/2008	Tramotozzi, LLC	48 Summer Street Watertown, Massachusetts 02472	617-923-6334
NORTH CAROLINA Charlotte	11/26/2007	SC & L Medi-Weightloss, LLC	9325 Center Lake Drive Suite 120 Charlotte, North Carolina 28216	704-599-8676
NORTH CAROLINA S. Charlotte	12/21/2007	Medi-Weightloss of Ballantyne, LLC	7940 Williams Pond Ln, Suite 150 Charlotte, North Carolina 28277	704-752-7779
TENNESSEE Cool Springs	03/11/2008	Medi-Weightloss Clinics of Cool Springs, LLC	7105 Crossroads Blvd, Suite 105 Brentwood, Tennessee 37037	615-370-0313

### III. EXCLUSIVE SALES REPRESENTATIVE BUSINESSES:

#### ARIZONA:

In January, 2008 the Exclusive Sales Representative Chardayne Seuffert and Elizabeth M. Smith transferred the License Manager Business for Arizona to Medi-Weightloss Clinics of Arizona, LLC.

MEDI-WEIGHTLOSS CLINICS OF ARIZONA, LLC  
20299 N. 67<sup>th</sup> Avenue, C-7  
Glendale, AZ 85308

**MASSACHUSETTS:**

Kim Kaloust and Dr. Jeanne Kilp (oral agreement only):

Kim Kaloust  
109 Pleasant Street  
Wakefield, MA 01880  
(781) 640-8451

-and-

Dr. Jeanne Kilp  
400 West Cummings Park  
Suite 1800  
Woburn, MA 01801  
(617) 240-9471

**TEXAS:**

Brooks Edlund (oral agreement only)  
1220 Chinaberry Court  
Roanoke, TX 76262  
(810) 403-0459

**IV. MEDI-WEIGHTLOSS CLINICS® AREA DEVELOPERS (FRANCHISE):**

ALABAMA	06/05/2008	Bay Area Properties, LLC	3715 Dauphin St., Ste. 3B Mobile, AL 36608	(251)344-5949 Bill Urquhart, MD
FLORIDA	06/04/2008	NoNerve Holdings, LLC	1047 Victoria Drive Dunedin, FL 34698	(727) 787-4005 Randy Griffin, DMD
RHODE ISLAND	12/19/2008	Rhode Island Weightloss, LLC	530 East Shore Rd., Jamestown, RI 02835	401-569-6538 Ben Cerilli, Esq.
TEXAS Dallas Area	09/17/2008	Dallas Weight Loss and Wellness, LLC	5930 Royal Lane, Suite 325 Dallas, TX 75230	(810) 403-0459 Brooks Edlund
TEXAS Southlake	03/18/2008	Southlake Medi Weightloss Clinics, LLC	601 Zena Rucker Rd., Suite 105 Southlake, TX 76092	(817) 488-6334 Monty Green
TEXAS Waco Area	08/26/2008	WJM Investment Group, LLC	329 W. Hwy. 6, Suite C Waco, TX 76710	(254) 717-3755 Wesley Gilliland

**V. MEDI-WEIGHTLOSS CLINICS® AREA REPRESENTATIVES (FRANCHISE):**

FLORIDA	12/23/2008	KTI Management, LLC	4522 Timberloch Drive Tallahassee, FL 32309	407-230-2630
NORTH CAROLINA	01/30/2009	William Stewart Enterprises, LLC	105 Orchard Hill Court Waxhaw, NC 28173	704-995-1168
SOUTH CAROLINA	01/30/2009	William Stewart Enterprises, LLC	105 Orchard Hill Court Waxhaw, NC 28173	704-995-1168



**VI. FRANCHISE BROKERS (SALES REPRESENTATIVES WHO ARE INDEPENDENT CONTRACTORS, NOT FRANCHISEES):**

**RHODE ISLAND & CONNECTICUT:**

WEIGHT LOSS NEW ENGLAND LLC  
894 Oaklawn Avenue  
Cranston, RI 02920  
John Migliaccio, Managing Member – 401-255-1902  
Ben Cerilli, Member – 401-569-6538  
Kim Hunt, Member – 603-918-0659

**ILLINOIS & INDIANA:**

STRATEGIC PROGRESSION, LLC  
12918 Dupont Circle  
Tampa, FL 33626  
Mr. Bill Pienias, Managing Member  
(813)508-0037

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**EXHIBIT N TO THE DISCLOSURE DOCUMENT**

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**LIST OF FRANCHISEES AND LICENSED BUSINESSES WHO HAVE LEFT THE  
SYSTEM**

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**The following is a list of our Franchisees whose Clinic Franchise Agreements have either been terminated, canceled, not renewed or who otherwise have left the system during the 12-month period ending December 31, 2008 or who have not communicated with us within 10 weeks of March 1, 2009:**

**I. MEDI-WEIGHTLOSS CLINICS® FRANCHISES: NONE**

**II. MEDI-WEIGHTLOSS CLINICS® LICENSEES:**

DELAWARE Middletown	12/31/2008	Medi-Weightloss Clinics, Middletown, LLC	120 Sandhill Drive Middletown, DE 19709	302-449-1988
OREGON Salem	11/15/2008	William Stewart Enterprises, LLC	105 Orchard Hill Court, Waxhaw, NC 28173	503-362-6334

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**EXHIBIT O TO THE DISCLOSURE DOCUMENT**

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**LIST OF STATE AGENCIES/AGENTS**

**FOR SERVICE OF PROCESS**

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Our registered agent in the State of Florida is:

Derek Kaloust  
509 S. Hyde Park Avenue  
Tampa, FL 33606

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<b>STATE AND EFFECTIVE DATE</b>	<b>AGENCY</b>	<b>PROCESS, IF DIFFERENT</b>
California Effective:	Commissioner of Corporations Los Angeles 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 Sacramento 1515 K Street, South Suite 200 Sacramento, CA 95813-4052 San Diego 1350 Front Street San Diego, CA 92101 San Francisco 1390 Market Street San Francisco, CA 94102	
Hawaii Effective:	Securities Examiner 1010 Richards Street Honolulu, HI 96813	
Illinois Effective	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana Effective:	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, Indiana 46204	Administrative Office of the Secretary of State 201 State House Indianapolis, Indiana 46204
Maryland Effective:	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202-2021
Michigan Effective:	Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 G. Mennen Williams Building 525 West. Ottawa Lansing, Michigan 48933	

<b>STATE AND EFFECTIVE DATE</b>	<b>AGENCY</b>	<b>PROCESS, IF DIFFERENT</b>
Minnesota Effective:	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, Minnesota 55101 (651) 296-4026	
New York Effective:	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271	Secretary of State State of New York 41 State Street Albany, New York 12231
North Dakota Effective:	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505	
Oregon Effective:	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310	
Rhode Island Effective:	Division of Securities 1511 Pontiac Avenue John O. Pastore Complex-Building 69-1 Cranston, RI 02920 (401) 462-9585	
South Dakota Effective:	Division of Securities 118 West Capitol Pierre, SD 57501	
Virginia Effective:	Ronald W. Thomas, Administrator State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219
Washington Effective:	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033	
Wisconsin Effective:	Securities and Franchise Registration Division of Securities, 4 <sup>th</sup> Floor 345 W. Washington Avenue Madison, Wisconsin 53703	

**EXHIBIT P TO THE DISCLOSURE DOCUMENT**

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**STATE SPECIFIC ADDENDA AND DISCLOSURE**

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**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
CALIFORNIA DISCLOSURE DOCUMENT**

The following paragraphs are added to the Disclosure Document:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at [www.corp.ca.gov](http://www.corp.ca.gov).

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.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Non-renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees 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.

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

Post-Termination Non-competition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC.**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
ILLINOIS DISCLOSURE DOCUMENT**

1. Item 17 of this Disclosure Document is modified to:
  - (a) Include the following paragraphs at the end of the Item 17 chart:

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The Illinois Franchise Disclosure Act will govern any franchise agreement if: (a) it applies to a franchise located in Illinois; or (b) a franchisee who resides in Illinois

The franchise agreement will become effective on its acceptance and signing by us in the State of Florida. The franchise agreement will be interpreted and construed under the substantive laws of Florida, except to the extent governed by the Illinois Franchise Disclosure Act or the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C., Sections 1051 et seq.). However, any condition of the franchise agreement that designates litigation, jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois.
  - (b) Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Items 17(v) and (w) are amended to state “none”
2. Item 23 of the Disclosure Document are hereby amended to reflect Illinois minimum disclosure period of 14 calendar days as required by Section 5(2) of the Act.
3. Any releases and/or waivers that the Franchisor requests the Franchisee to sign must conform with Section 41 of the Act.

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**RIDER TO  
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

This Rider is entered into this \_\_\_\_\_, 200\_\_ (the “**Effective Date**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”), with its principal business address at 509 S. Hyde Park Avenue Tampa, Florida 33606 , and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination.** The following is added to Section 15 of the Agreement:

The conditions under which this franchise can be terminated and the parties’ rights on termination may be affected by Illinois law, 815 ILCS 705/1-44.

3. **Governing Law.** Section 19.7 of the Agreement is amended in its entirety to read as follows:

**EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW OR THE ILLINOIS FRANCHISE DISCLOSURE LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY FLORIDA LAW.** References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

4. **Jurisdiction.** Section 19.8 of the Agreement is amended in its entirety to read as follows:

**YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN HILLSBOROUGH COUNTY, STATE OF FLORIDA, EXCEPT FOR MATTERS COMING UNDER THE ILLINOIS FRANCHISE DISCLOSURE LAW, AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS.**

5. **Entire Agreement.** Section 20.13 is amended in its entirety to read as follows:

This Agreement, including the introduction, addenda, riders, and exhibits to it, and the Franchise Disclosure Document, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise

in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

- 6. Any releases that the Franchisor requests the Franchisee to sign must conform with Section 41 of the Act.
  
- 7. Section 20.6 of the Franchise Agreement is amended to comply with Section 27 of the Act to require any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee or Franchisee's operation of the Franchise brought by Franchisee against Franchisor to be commenced within three (3) years from the occurrence of the facts giving rise to such claim or action, within one (1) year after the Franchisee becomes aware of the facts or circumstances indicating Franchisee may have a claim for relief, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, or such claim or action will be barred.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC.**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**STATE ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF INDIANA**

1. The following statement is added to Item 3 of the Disclosure Document:  
  
There are presently no arbitration proceedings to which the Franchisor is a party.
2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1(9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).
4. Under Indiana Code 23-2-2.7-1(10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Sections 20.6 and 20.7 of the Franchise Agreement.
5. Under Indiana Code 23-2-2.7-1(10), franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC.**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**  
**MARYLAND DISCLOSURE DOCUMENT**

1. Item 17 is amended by adding the following language after the table:
  - (a) You may sue in Maryland for claims arising under the Maryland Law. Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.
  - (b) The provision of the franchise agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
  - (c) Pursuant to COMAR 02.02.08L, the General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under the Maryland Law.

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FOR USE IN MARYLAND

ESCROW AGREEMENT

This Escrow Agreement, is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_, organized under the laws of the State of \_\_\_\_\_ (hereinafter referred to as “Franchisor”) and \_\_\_\_\_, organized under the laws of the State of Maryland (hereinafter referred to as “Bank”).

WHEREAS, the Franchisor desires to offer and sell franchises in the State of Maryland, and

WHEREAS, it is the discretion of the Securities Commissioner of the State of Maryland as Administrator of the Maryland Franchise Registration and Disclosure Law, to require an escrow of franchise fees, and

WHEREAS, in order to conform to the procedures for arranging an escrow account, the Franchisor desires to enter into an Escrow Agreement with the Bank, pursuant to which franchise fees are to be held in escrow for the purpose of complying with the Maryland Franchise Registration and Disclosure Law,

NOW, THEREFORE, with the foregoing recitals hereinafter incorporated by reference and made a part hereof, it is agreed as follows:

1. The Franchisor shall, until release of escrowed funds as hereinafter provided, deposit with the Bank, all monies obtained from each franchisee who either is a resident of the State of Maryland or contracts to operate the franchised business within the State of Maryland.

2. All funds delivered by the Franchisor to the Bank will be placed in a separate account indicating account name and account number as follows:

(Account Name) \_\_\_\_\_

(Account Number) \_\_\_\_\_

3. The Bank shall pay out funds, plus interest if any, from the Escrow Account only upon the occurrence of one of the following conditions:

a. A letter from the President or Secretary of the Franchisor directing the Bank to pay out such funds to \_\_\_\_\_, accompanied with a written notice from the Securities Commissioner stating that he or she takes no exception to the release of such funds to \_\_\_\_\_.

b. Upon written notice from the Securities Commissioner, the Bank shall return the deposited franchise fee to a specific franchisee.

c. The Bank shall pay funds into court or disburse or deliver them in accordance with any order of any court of competent jurisdiction.

4. The Franchisor will supply the Bank with the name and address of each franchisee, together with the amount of the deposit that represents each franchisee's franchise fee, and the Bank will retain records containing the same information.

5. Any funds deposited in the Escrow Account pursuant to this Escrow Agreement shall be invested and kept invested by the Bank in obligations of the United States, or a savings account or savings accounts of the Bank, or money market funds of or available to the Bank and to which the Bank or an affiliate is investment advisor or provides other services and receives reasonable compensation for such services, provided such money market funds are rated AAAM by Standard and Poor's and AAA by Moody's Investor Services, or U.S. Treasury Bills, Notes or Bonds until such funds are to be disbursed as provided in Paragraph 3 hereof. All interest received and any increment thereon shall be added to the funds so deposited in the Escrow Account and shall be distributed as provided in Paragraph 3 hereof.

6. The Securities Commissioner may inspect the records of the Bank, insofar as they relate to this Escrow Agreement, for the purpose of determining compliance with and conformance to the provisions of this Escrow Agreement. At the Securities Commissioner's discretion, statements indicating status of escrow shall be furnished by the Bank to the Securities Commissioner.

7. The Franchisor shall pay to the Bank reasonable compensation for expenses incurred and services rendered by the Bank under this Escrow Agreement.

8. The Bank shall have no duty to determine the propriety of any deposit or disbursement of funds. Additionally, the Bank shall have no duty to the Franchisor, the Securities Commissioner, any franchisee or any other party except as expressly stated in this Escrow Agreement. The Franchisor does hereby indemnify the Bank from any and all costs, claims and expenses, including attorneys' fees, which may be incurred by or which may accrue to the Bank relating to the opening or maintenance of any account established under this Escrow Agreement.

9. All proceeds deposited pursuant to this Escrow Agreement shall not be subject to any liens or charges by the Bank, or judgments or creditor's claims against the Franchisor.

10. The Franchisor shall give each franchisee a copy of this Escrow Agreement prior to collecting any funds from that franchisee.

11. The Bank's duties under this Escrow Agreement shall terminate upon final distribution of all monies deposited as provided hereunder.

12. This Escrow Agreement is governed by the Laws of the State of Maryland.



IN WITNESS WHEREOF, each party has caused this Escrow Agreement to be signed and executed, and its corporate seal hereto affixed, in its name by its proper and fully authorized officer or officers on the day and year first above written.

ATTEST:

\_\_\_\_\_

By:

\_\_\_\_\_

\_\_\_\_\_  
(Typed Name of Signator)

\_\_\_\_\_  
(Position)

\_\_\_\_\_  
(Business Address)

\_\_\_\_\_  
(Business Phone)

ATTEST:

\_\_\_\_\_

By:

\_\_\_\_\_

\_\_\_\_\_  
(Typed Name of Signator)

\_\_\_\_\_  
(Position)

\_\_\_\_\_  
(Business Address)

\_\_\_\_\_  
(Business Phone)

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**RIDER TO  
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** (the “**Rider**”) is effective as of \_\_\_\_\_, 200\_ (the “**Agreement Date**”), and amends the Franchise Agreement dated \_\_\_\_\_, 200\_ (the “**Agreement**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company, with its principal business address at 509 S. Hyde Park Avenue Tampa, Florida 33606 a Delaware corporation (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and \_\_\_\_\_ (“**you,**” “**your**” or “**Franchisee**”), whose mailing address is \_\_\_\_\_.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **General Release.** Pursuant to COMAR 02.02.08.16L, a release required by the Agreement as a condition of renewal, sale and/or assignment / transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law (the “**Maryland Law**”).

3. **Limitation of Claims.** Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise to you.

4. **Jurisdiction.** You may bring a lawsuit against us in Maryland for any claims arising under the Maryland Law.

5. **No Waiver.** Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

6. **Effective Date.** This Rider is effective on the Agreement Date regardless of the actual date of signature.

Intending to be bound, the parties sign and deliver this Rider to each other as shown below:

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC.**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**RIDER TO  
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
FRANCHISE COMPLIANCE CERTIFICATION  
FOR USE IN MARYLAND**

**THIS RIDER** (the “**Rider**”) is effective as of \_\_\_\_\_, 200\_ (the “**Agreement Date**”), and amends the Franchise Compliance Certification (the “**Certification**”) dated \_\_\_\_\_, 200\_

THE REPRESENTATIONS MADE IN THE CERTIFICATION ARE NOT INTENDED, NOR DO THEY, ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

FRANCHISE APPLICANT

\_\_\_\_\_

Dated: \_\_\_\_\_

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**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
MINNESOTA DISCLOSURE DOCUMENT**

1. Item 17, summary column for (f) is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure).

2. Item 17, summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

3. Item 17, summary columns for (v) and (w) are amended to add the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. The following language is added to the Minnesota disclosure document:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. In Item 13, the following language is deleted from the paragraph under the heading “Infringement”- “The Clinic Franchise Agreement does not require us to defend the Marks or to participate in your defense and/or indemnify you for your expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licenses to you by us or if the proceeding is resolved unfavorably to you.” The following language is added in its place: “As long as you are using our Marks according to our System Standards and in compliance with the terms of your agreements with us, we will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of such Marks by third parties. You must provide written notice to us of any such claim within 10 days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.”

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**RIDER TO  
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** (the “**Rider**”) is effective as of \_\_\_\_\_, 200\_ (the “**Agreement Date**”), and amends the Franchise Agreement dated \_\_\_\_\_, 200\_ (the “**Agreement**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company, with its principal business address at 509 S. Hyde Park Avenue Tampa, Florida 33606 (“**we,**” “**us,**” “**our**” or “**Franchisor**”) and \_\_\_\_\_ (“**you,**” “**your**” or “**Franchisee**”), a \_\_\_\_\_, whose mailing address is \_\_\_\_\_.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Limitation of Claims.** Section 20.6 of the Agreement is deleted in its entirety.

3. **Termination.** Section 15 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subs. 3, 4, and 5, which require, except in certain specified cases, 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 and that consent to the transfer of the franchise will not be unreasonably withheld.

4. **Jurisdiction.** The following is added to Section 20.8:

Minn. Stat. Sec. 80C.,21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. **Waiver of Jury Trial.** Section 20.9 is deleted in its entirety.

6. **Additional Provision.** The following language is added to the Franchise Agreement:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring wavier of jury trail, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

7. The following language is added as the first sentence to Section 8.9 of the Franchise Agreement (“Marks and Copyright Indemnification”):

During the Term of this Agreement, we will protect your right to use the Marks as long as you are using the Marks in accordance with our System Standards and in compliance with this Agreement.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC.**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
NEW YORK DISCLOSURE DOCUMENT**

1. The last paragraph contained in Item 3 is deleted in its entirety and the following is inserted in its place:

No other person previously identified in Items 1 or 2 of this Disclosure Document:

(a) Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. There are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations;

(b) Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the date of application to register the franchise in New York, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations; or

(c) Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

2. The first sentence in Item 4 is deleted in its entirety and the following is inserted in its place:

No person previously identified in Items 1 or 2 of this Disclosure Document during the 10-year period immediately before the date of this Disclosure Document:

(a) Filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (the "**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 Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the person held this position in the company or partnership.

3. Add the following language at the end of summary of (d) Termination by you in Item 17:

You may terminate the agreement on any grounds available by law.

4. Add the following language at the end of summary of (j) Termination by you in Item 17:

However, no assignment will be granted except to an assignee that, in our good faith judgment, is willing and able to assume our obligation.

5. Add the following language at end of summary column of (w) Choice of Law in Item 17 in Item 17:

The foregoing Choice of Law should not be considered a waiver of any right conferred upon us or you by the General Business Law of the State of New York.

6. Add the following as the Franchisor's Representation:

WE REPRESENT THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
NORTH DAKOTA DISCLOSURE DOCUMENT**

1. The Summary column of Item 17 paragraph (c) of the Disclosure Document is modified to read as follows:

“Give us at least 90 days notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the “**ND Law**”).”

2. The Summary column of Item 17 paragraph (r) of the Disclosure Document is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

3. The Summary column of Item 17 paragraph (v) of the Disclosure Document is amended to read as follows:

Except for matters coming under the ND Law, litigation must be in the Hillsborough County, State of Florida.

4. The Summary column of Item 17 paragraph (w) of the Disclosure Document is amended to read as follows:

Except for matters coming under the ND Law, the law of Florida (subject to state law).\*

5. The Franchisee is not required to waive jury trial for any matters coming under ND Law.

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**RIDER TO  
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** (the “**Rider**”) is effective as of \_\_\_\_\_, 200\_ (the “**Agreement Date**”), and amends the Franchise Agreement dated \_\_\_\_\_, 200\_ (the “**Agreement**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”) with its principal office at 509 S. Hyde Park Avenue Tampa, Florida 33606, and \_\_\_\_\_ (“**you,**” “**your**” or “**Franchisee**”), a, \_\_\_\_\_ whose mailing address is \_\_\_\_\_.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the “ND Law”).

3. **Post-Term Competitive Restrictions.** Covenants not to compete, such as those mentioned in this section, are generally unenforceable in the State of North Dakota.

4. **Jurisdiction.** All matters coming under the ND Law may be brought in the courts of North Dakota.

5. **Waiver of Punitive Damages.** Paragraph 20.5 of the Franchise Agreement is deleted in its entirety.

6. **Limitation of Claims.** The statute of limitations under ND Law applies to all matters coming under ND Law.

7. **Governing Law.** This Agreement will be governed by North Dakota law.

8. **Waiver of Jury Trial.** Section 20.9 is in its entirety.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC.**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
RHODE ISLAND DISCLOSURE DOCUMENT**

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

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**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
SOUTH DAKOTA DISCLOSURE DOCUMENT**

1. The summary statement of provision (q) of Item 17, is deleted in its entirety and the following substituted in its place:

Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

2. Any provision that provides that the parties' waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota Law. If any of the provisions in this Disclosure Document or the Franchise Agreement are inconsistent with this paragraph, the terms of this paragraph will prevail with regard to any franchise sold in South Dakota.

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**RIDER TO  
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
FRANCHISE AGREEMENT  
FOR USE IN SOUTH DAKOTA**

**THIS RIDER** (the “**Rider**”) is effective as of \_\_\_\_\_, 200\_ (the “**Agreement Date**”), and amends the Franchise Agreement dated \_\_\_\_\_, 200\_ (the “**Agreement**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”) with its principal address at 509 S. Hyde Park Avenue Tampa, Florida 33606, and \_\_\_\_\_ (“**you,**” “**your**” or “**Franchisee**”), a, \_\_\_\_\_ whose mailing address is \_\_\_\_\_.

1. **Precedence And Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination.** The following is added to Section 16:

You will have 30 days written notice with an opportunity to cure prior to termination for the following: breach of the franchise agreement, failure to meeting performance and quality standards and failure to make royalty payments.

3. **Covenants Not to Complete.** Covenants not to compete on termination or expiration of a franchise agreement are generally unenforceable in the state of South Dakota, except in certain instances as provided by law. This statement is given for informational purposes only.

4. **Jurisdiction and Venue.** Any provision which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC.**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
WASHINGTON DISCLOSURE DOCUMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “Act”), Chapter 19.100 RCW, prevails.

Section RCW 19.100.180 of the Act, may supersede the franchise agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with us including the area of termination and renewal of your franchise.

A release or waiver of rights signed by you will not include rights under the Act except when signed pursuant to a negotiated settlement after the agreement(s) are 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer.

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**RIDER TO  
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.  
FRANCHISE AGREEMENT  
FOR USE IN WASHINGTON**

**THIS RIDER** (the “**Rider**”) is effective as of \_\_\_\_\_, 200\_ (the “**Agreement Date**”), and amends the Franchise Agreement dated \_\_\_\_\_, 200\_ (the “**Agreement**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”) with its principal address at 509 S. Hyde Park Avenue Tampa, Florida 33606, and \_\_\_\_\_ (“**you,**” “**your**” or “**Franchisee**”), a, \_\_\_\_\_ whose mailing address is \_\_\_\_\_.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Washington Franchise Investment Protection Act.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “**Act**”), Chapter 19.100 RCW, prevail.

3. **Relationship.** Section RCW 19.100.180 of the Act may supersede this Agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with us including the area of termination and renewal of your franchise.

4. **Waiver of Rights.** A release or waiver of rights signed by you will not include rights under the Act except when signed pursuant to a negotiated settlement after the agreement(s) are 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. **Transfer Fees.** Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING  
USA, LLC.**

**YOU**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**EXHIBIT Q TO THE DISCLOSURE DOCUMENT**

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**FORM OF FRANCHISE COMPLIANCE CERTIFICATION**

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**FORM OF FRANCHISE COMPLIANCE CERTIFICATION**

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. I had my first face-to-face meeting with your representative on: \_\_\_\_\_.
2. Have you received and personally revised our Clinic Franchise Agreement or Area Development Agreement and any attachments to it?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Do you understand all of the information contained in our Clinic Franchise Agreement and/or Area Development Agreement (hereinafter, each the Franchise Agreement) and any attachments provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement and any attachments do you not understand?  
(Attach additional pages, if necessary.)

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4. Have you received and personally reviewed our Franchise Disclosure Document (“Disclosure Document”)?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

If so, what parts of the Disclosure Document and/or Addendum to you not understand? (Attach additional pages if necessary.)

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7. Have you discussed the benefits and risks of purchasing a MEDI-WEIGHTLOSS CLINICS® franchise with an attorney, accountant or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

If so, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Do you understand that the success or failure of your MEDI-WEIGHTLOSS CLINICS® franchise will depend in large part upon your skills and abilities, competition from other businesses and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a MEDI-WEIGHTLOSS CLINICS® franchise?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a MEDI-WEIGHTLOSS CLINICS® franchise?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a MEDI-WEIGHTLOSS CLINICS® franchise?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the DISCLOSURE DOCUMENT?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Have you paid any money to us concerning the purchase of your MEDI-WEIGHTLOSS CLINICS® franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Do you understand the difference between a full-service MEDI-WEIGHTLOSS CLINICS® franchise which you are acquiring and the other facilities which we now have or may develop in the future, and understand that you do not have any rights in and to these facilities?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Have you carefully reviewed and do you understand the software license?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. If you have answered “Yes” to any one of questions 9-13 or “No” to questions 14-15, please provide a full explanation of each “Yes” or “No” answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

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17. I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_, \_\_\_\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by us.

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT:

Dated: \_\_\_\_\_

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**EXHIBIT R TO THE DISCLOSURE DOCUMENT**

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**EXHIBIT S TO THE DISCLOSURE DOCUMENT**

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**RECEIPTS**

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RECEIPT

This disclosure document summarizes provisions of the franchise agreement and/or Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MEDI-WEIGHTLOSS FRANCHISING USA, LLC offers you a franchise, it must provide this disclosure document to you fourteen days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Under Illinois, Maine, Maryland, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, MEDI-WEIGHTLOSS FRANCHISING USA, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise.

If MEDI-WEIGHTLOSS FRANCHISING USA, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit "O".

Andrew Cox acts as our franchise seller on this franchise sale. His address is 509 S. Hyde Park Avenue, Tampa, Florida 33606 and his telephone number is (813) 228-6334.

\_\_\_\_\_ acts as our franchise seller on this franchise sale. His/her address is \_\_\_\_\_ and his/her telephone number is \_\_\_\_\_.

MEDI-WEIGHTLOSS FRANCHISING USA, LLC authorizes the respective state agencies identified on Exhibit "O" to receive service of process for it in the particular state.

I have received a disclosure document: dated February 1, 2008 as amended March 1, 2009 that included the following Exhibits:

- Exhibit A Financial Statements
- Exhibit B Form of Deposit Agreement
- Exhibit C Form of Clinic Franchise Agreement and Related Materials (Exhibits)
- Exhibit D Form of Development Agreement
- Exhibit E Form of Conversion Addendum
- Exhibit F Form of NCP Addendum
- Exhibit G Form of Principal Owners' Statement
- Exhibit H Form of Principal Owners' Guaranty
- Exhibit I Forms of General Release – Renewal or Assignment
- Exhibit J Form of Medical Practice Management Agreement
- Exhibit K Form of Business Associate Agreement
- Exhibit L Form of Electronic Funds Transfer Agreement
- Exhibit M List of Franchisees and Licensed Businesses
- Exhibit N List of Franchisees and Licensed Businesses Who Have Left the System
- Exhibit O List of State Agencies/Agents for Service of Process
- Exhibit P State Specific Addenda and Exhibits
- Exhibit Q Franchise Compliance Certification
- Exhibit R Table of Contents of Operating Manual
- Exhibit S Receipts

PROSPECTIVE FRANCHISEE

If a Business Entity:

If an Individual

\_\_\_\_\_  
NAME OF ENTITY  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

[Our Copy]

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PROSPECTIVE FRANCHISEE

If a Business Entity:

If an Individual

\_\_\_\_\_  
NAME OF ENTITY  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**KEEP THIS COPY FOR YOUR RECORDS. This disclosure document is also available in pdf format on our website [www.mediweightloss.com](http://www.mediweightloss.com)**  
*[Your Copy]*