Confidential Draft and Submission #2 as confidentially submitted to the Securities and Exchange Commission on August 21, 2014. This draft registration statement has not been publicly filed with the Securities and Exchange Commission and all information herein remains strictly confidential.

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT 1 TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

The Joint Corp.

(Exact name of Registrant as specified in its charter)

Delaware	**6794**	**90-0544160**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

16767 N. Perimeter Drive, Suite 240
Scottsdale, AZ 85260
(480) 245-5960
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

John B. Richards
Chief Executive Officer
16767 N. Perimeter Drive, Suite 240
Scottsdale, AZ 85260
(480) 245-5960
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Craig P. Colmar, Esq. **Michael Bonn, Esq.** **Johnson and Colmar** **2201 Waukegan Road, Suite 260** **Bannockburn, Illinois 60015** **(312) 922-1980**	**Ivan K. Blumenthal, Esq.** **Merav Gershtenman, Esq.** **Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.** **666 Third Avenue** **New York, New York 10017** **(212) 935-3000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[1]	Amount of Registration Fee[2]
Common Stock, $0.001 par value per share	$	$
Representative's Warrants to Purchase Common Stock[3]	—	—
Common Stock Underlying Representative's Warrants[4]	$	$
Total Registration Fee	$	$

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933. Includes offering price of shares that the underwriters have the option to purchase to cover over-allotments, if any. Pursuant to Rule 416 under the Securities Act of 1933, as amended, the shares of common stock registered hereby also include an indeterminate number of additional shares of common stock as may from time to time become issuable by reason of stock splits, stock dividends, recapitalizations or other similar transactions.

(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price of the securities registered hereunder to be sold by the registrant. The filing fee is not being submitted with this confidential submission as a result of guidance provided by the Securities and Exchange Commission on the Jumpstart Our Business Startups Act of 2012.

(3) No registration fee pursuant to Rule 457(g) under the Securities Act.

(4) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(g) under the Securities Act. The warrants are exercisable at a per share exercise price equal to 125% of the public offering price, and cover shares of common stock. The warrants are exercisable for three years commencing one year from the effective date of this offering.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall hereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

Subject to Completion

Preliminary Prospectus dated August , 2014

Shares

Common Stock

This is the initial public offering of shares of our common stock. We are offering all of the shares of common stock offered by this prospectus.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares of common stock will be listed on The NASDAQ Global Market under the symbol "JYNT." No assurance can be given that our application will be approved.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 and will be reporting in accordance with the reduced public company reporting requirements permitted thereby. See "Implications of Being an Emerging Growth Company" beginning on page 11.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 14 of this prospectus for a discussion of information that should be considered in connection with an investment in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions[(1)]	$	$
Proceeds, before expenses, to us	$	$

(1) The underwriters will receive compensation in addition to the underwriting discounts and commissions. See "Underwriting" beginning on page 75.

We have granted a 45-day option to the underwriters to purchase up to an additional shares from us at the public offering price, less the underwriting discounts and commissions, to cover over-allotments, if any.

Delivery of the shares will be made on or about , 2014.

Sole Book Runner

Feltl and Company

Co-Manager

Sanders Morris Harris

The date of this prospectus is , 2014.

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Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. When you make a decision about whether to invest in our common stock, you should not rely upon any information other than the information in this prospectus or in any free writing prospectus that we may authorize to be delivered or made available to you. Neither the delivery of this prospectus nor the sale of our common stock means that the information contained in this prospectus or any free writing prospectus is correct after the date of this prospectus or such free writing prospectus. This prospectus is not an offer to sell or the solicitation of an offer to buy the shares of common stock in any circumstances under which the offer or solicitation is unlawful.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Because it is a summary, it does not contain all of the information that you should consider before investing in our common stock. You should read and carefully consider this entire prospectus before making an investment decision, especially the information presented under the headings "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements," "Important Introductory Information" and our financial statements and the notes relating to the financial statements included elsewhere in this prospectus. We present EBITDA as a supplemental measure to help us describe our operating performance. EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net (loss) income (as determined in accordance with generally accepted accounting principles in the United States, or GAAP) or as a better indicator of operating performance. Other companies in our industry may calculate EBITDA differently than we do. Please refer to note (1) to "Summary Financial Data" for a reconciliation of our net (loss) income to EBITDA and a more thorough discussion of our use of EBITDA in this prospectus.

Our Company

We are the largest franchisor of chiropractic clinics that operate on a non-insurance, cash-based model in the United States. We seek to be the leading provider of chiropractic care in the markets we serve and to become the most recognized brand in our industry through the rapid and focused expansion of chiropractic clinics in key markets throughout North America and abroad.

Our mission is to improve quality of life through routine chiropractic care. We seek to accomplish this by making quality care readily available and affordable. We have created a growing network of 215 modern, consumer-friendly chiropractic clinics operated by franchisees that employ only licensed chiropractors. We believe we have priced our services below industry standard pricing for similar services and below most insurance co-payment levels. We believe we can translate our demonstrated franchisee growth and our senior management's experience in developing other well-known specialty retail concepts to successfully develop and profitably operate company-owned clinics.

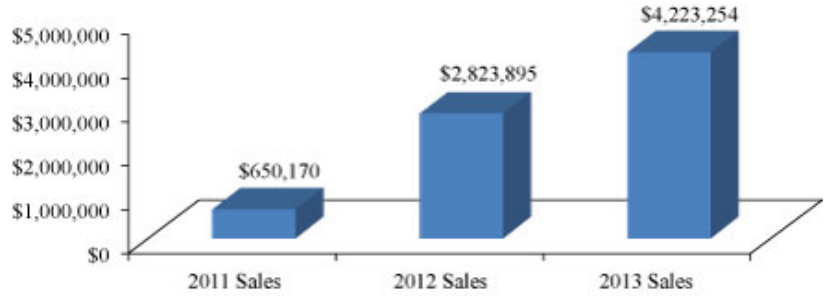
Our locations have been selected to be visible, accessible and convenient. We offer a welcoming, consumer-friendly experience that attempts to redefine the chiropractic doctor/patient relationship. Our clinics are open longer hours than many of our competitors and our patients do not need appointments. We operate a "cash" business. We do not accept insurance and we do not provide Medicare covered services. Our independence from third-party reimbursement and related administrative requirements makes us attractive to chiropractic doctors who desire to focus their practice principally on patient care and to minimize the administrative burdens of traditional insurance reimbursement-based practices. We believe that increasing awareness of the availability of our pricing at a significant discount to the cost of traditional chiropractic adjustments and, in most cases, below the level of insurance co-payment amounts, will aid in driving patients to our brand. In addition, we believe that our commitment to affordable pricing will not only attract existing consumers of chiropractic services, but will also appeal to the growing market of consumers who seek alternative or non-invasive wellness care. We have attracted an average of between 540 and 1,056 new patients per year to our clinics between 2010 and 2014, as compared to the 2013 average of 364 new patients per year for the chiropractic industry.

Since acquiring the predecessor to our company in March, 2010, we have grown from eight franchised clinics in operation to 215 franchised clinics in operation as of June 30, 2014, with another 250 franchises granted through a network of regional developers and independent franchise operators. All 215 Joint clinics open as of June 30, 2014, are operated by franchisees and we do not directly own or operate any of these clinics. In the six months ended June 30, 2014, our franchised clinics registered 948,304 patient visits and generated system-wide revenues of $19,773,084, which refers to the aggregate revenues of our franchisees. We receive a royalty of 7.0% of gross revenues from franchised clinics and 4.0% of gross revenues from clinics franchised through regional developers. We also collect a national marketing fee of 1% of gross revenues of all franchised clinics. We receive a franchise fee of $29,000 for franchises we sell directly and a franchise fee of $14,500 for franchises sold through regional developers.

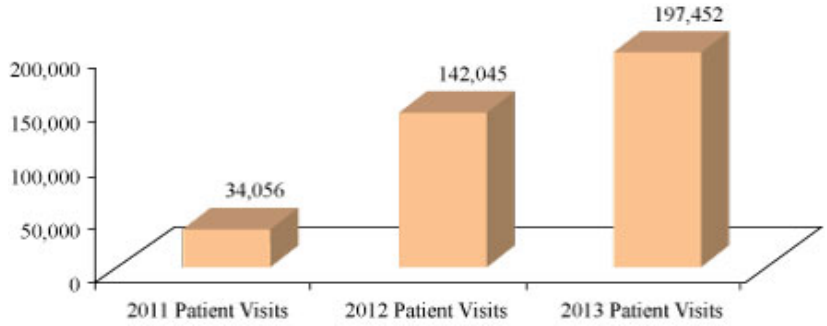
Our franchisees have demonstrated sustained increases in average monthly sales and patient visits per clinic, which we believe demonstrates our ability to increase sales and our growing brand equity. For the

14 clinics that opened in 2011, we increased sales throughout our system from $650,170 in 2011 to $2,823,895 in 2012 (a 334% increase) and to $4,223,254 in 2013 (a 50% increase), and increased patient visits from 34,056 in 2011 to 142,045 in 2012 (a 317% increase) and 197,452 in 2013 (a 39% increase).

Sales — Clinics Opened in 2011



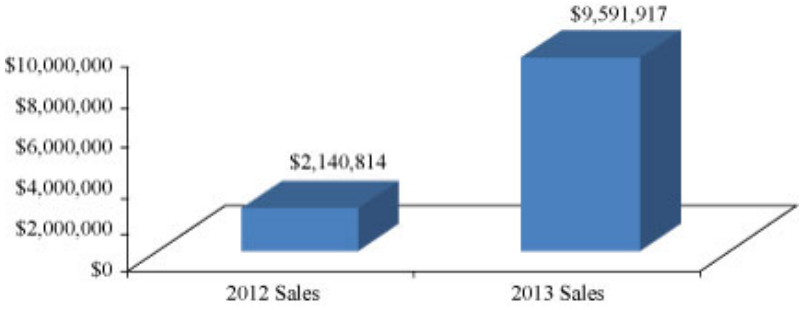
Patient Visits(1) — Clinics Opened in 2011



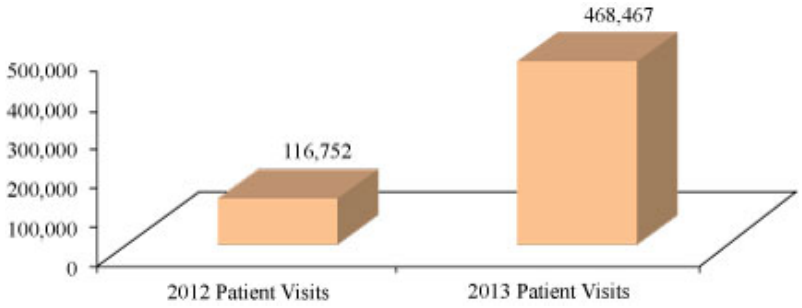
(1) Includes repeat visits and does not indicate total number of patients.

For the 53 clinics that opened in 2012, we increased sales from $2,140,814 in 2012 to $9,591,917 in 2013, and increased patient visits from 116,752 in 2012 to 468,467 in 2013.

Sales — Clinics Opened in 2012



Patient Visits[(1)] — Clinics Opened in 2012



(1) Includes repeat visits and does not indicate total number of patients.

As part of our branding strategy, we deliver convenient, appointment-free chiropractic adjustments in a casual, inviting, consumer-oriented environment at prices that are between 56% and 70% lower than the average cost for comparable procedures offered by traditional chiropractors, according to *First Research*. To increase convenience and value for our patients, our clinics offer a variety of customizable membership and wellness plans which feature discounted pricing even as compared with our single-visit pricing schedules. These flexible plans are designed to attract patients and encourage repeat visits and routine usage.

Our goal is to locate our clinics in highly visible convenience-oriented retail centers. Our clinics are, on average, approximately 1,000 – 1,200 square feet, and feature an open floor plan that contains a well-appointed reception area and an average of three treatment tables. Our clinics' layout and interior design is modern, comfortable and consistent across our system. This aids in building brand awareness and patient loyalty, and provides our patients with a comfortable, upscale service experience that distinguishes us from the clinical atmosphere often encountered at traditional chiropractic clinics and medical offices.

Our consumer-focused service model targets the non-acute treatment market, which we believe to be the largest segment of the chiropractic services market. As our model does not focus on the treatment of severe, acute injury, we do not require expensive and invasive diagnostic tools such as MRIs and X-rays. Instead, we refer patients who present with acute symptoms to alternate healthcare providers, including traditional chiropractors. We seek to drive patient flow to our clinics not only by building brand awareness through conveniently located, highly visible locations but also by using traditional retail-oriented marketing and customer acquisition techniques. Many of our patients are referrals from existing patients. We intend to maximize our operational efficiencies, drive usage and grow brand awareness through the expansion of our presence into a national infrastructure that leverages our size and local market density.

All of our 215 clinics are currently operated by franchisees. Of these, 40 franchises have been awarded directly by us while 175 franchises were awarded pursuant to our regional developer program in which we sold licenses to third parties to develop franchises in particular geographic areas. Our future growth strategy will increasingly focus on opening clinics that are directly owned and operated by us, while continuing to grow through the sale of additional franchises.

For the year ended December 31, 2013, we had net income after taxes of $155,635. For the six month period ended June 30, 2014, we had a net loss of $261,646. For the same periods, our revenue as a percentage of franchises' revenue was 27% and 13% respectively.

Our Industry

The chiropractic industry in the United States is large, growing, and highly fragmented. According to the Centers for Medicare and Medicaid Services, or CMS, expenditures for chiropractic services in the U.S. were $11.6 billion in 2013 and are expected to grow at approximately 3% annually for the next five years. In addition, according to a January 2014 IBISWorld report, approximately $4.7 billion of the total chiropractic market comes from out-of-pocket, or cash, payments by patients. Among the factors driving this growth are healthcare cost pressures, the aging population and technological advances that are expected to shift services from inpatient

facilities and hospitals to outpatient settings. We believe that the demand for chiropractic services will continue to expand as a result of growing awareness of the benefits of regular maintenance therapy.

According to *Chiropractic Care*, a United States market report by Strategy.com, between approximately 6% and 9% of the United States population regularly uses chiropractic. According to the American Chiropractic Association, 80% of Americans experience back pain at least once in their lifetime. Most chiropractic services are provided by sole practitioners in medical-office settings. The chiropractic industry differs from the broader healthcare services industry in that it is more heavily consumer-driven, market-responsive and price sensitive, as the result of many treatment options falling outside the bounds of traditional insurance reimbursable services and fee schedules.

According to a report issued by *First Research* in March 2014, expenditures for chiropractic services in the United States were approximately $11.6 billion in 2013, which represents less than 1% of all healthcare expenditures, and in 2013 the top 50 companies delivering chiropractic services in the United States generated less than 10% of all industry revenue. In addition, according to *Chiropractic Economics*, private sources finance 65.4% of all chiropractic expenditures, with only 17.1% of chiropractic costs financed by government programs, including Medicare and Medicaid. We believe these characteristics are evidence of an underserved market with potential consumer demand that is favorable for an efficient, low-cost, consumer-oriented provider.

Our competitors include single doctors' offices as well as multiple-unit clinic operations, including several multi-unit franchisors. Many of these competitors operate on an insurance reimbursement model although they typically accept cash payment as well. See, "Business — Our Industry" and "Competition."

Our Competitive Strengths

We believe the following competitive strengths have contributed significantly to our initial success and will position us for future growth:

Price and convenience. We believe that our strongest competitive advantages are our price and convenience. We offer a much less expensive alternative to traditional providers of chiropractic services by focusing on non-acute care and by not participating in insurance or Medicare reimbursement. We can do this because our clinics are not burdened with the operating expenses required to perform certain diagnostic procedures and to process reimbursement claims. Our model allows us to pass these savings on to our patients. According to *Chiropractic Economics*, the average price for a chiropractic adjustment involving spinal manipulation in the United States is between $50 and $75. By comparison, our average price is $22, or between 56% and 70% lower than the average price.

To underscore our focus on convenience, we also offer our patients the opportunity to visit our clinics without an appointment and receive prompt attention. Finally, we offer extended hours of operation, including weekends, which is not typical among our competitors.

Retail, consumer-driven approach. We utilize strong, recognizable brand and retail approaches to stimulate awareness and drive patients to our clinics. We strive to locate clinics in highly visible retail centers. Our model provides our patients with the flexibility to see a chiropractor when they want because we do not schedule appointments and most of our clinics maintain extended hours and offer patient care six or seven days per week.

Our chiropractors can focus on patient service. We believe the time and money our chiropractors save by not having to attend to administrative duties related to insurance reimbursement processing allows them increased opportunities to:

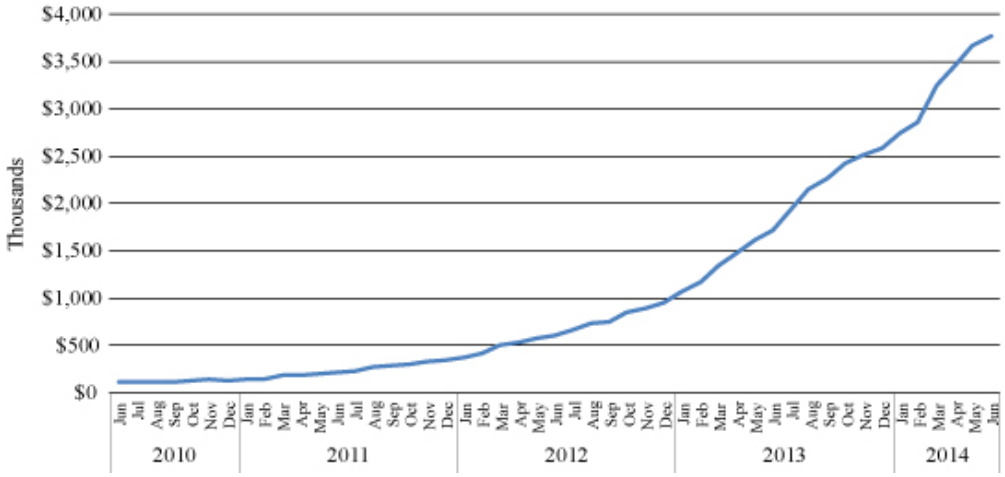
- see more patients;
- establish and reinforce chiropractor/patient relationships; and
- educate patients on the benefits of chiropractic maintenance therapy.

We believe this approach has resulted in broad acceptance, strong brand recognition and favorable patient experiences. This is evidenced by our growth in patient visits. From 2012 to 2013, our patient visits grew from 440,636 to 1,113,714, or 153%. As of June 30, 2014, our patient visits were 949,918, representing an annualized growth of over 70% from 2013.

Our approach to chiropractic practices has also made us an attractive alternative to chiropractic doctors who desire to spend more time treating patients than they are enabled to do in traditional practices with greater overhead, personnel, and administrative burdens. We believe that our model will aid us in recruiting chiropractors to work in our clinics.

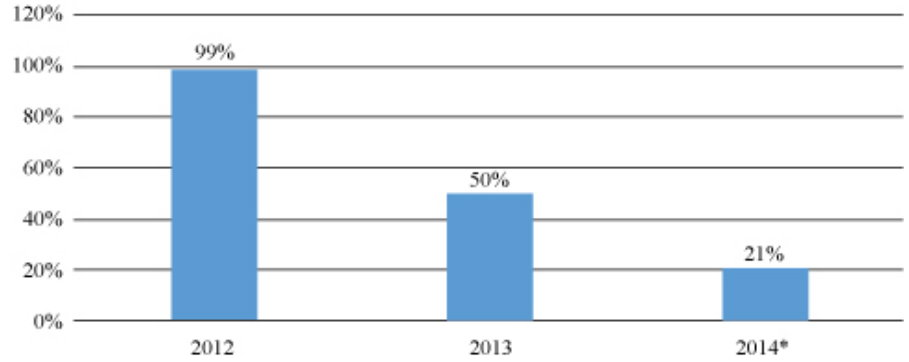
Proven track record of opening franchised clinics and growing sales. We have grown our franchised clinic revenue base every month since we acquired our predecessor company in March 2010, increasing total monthly sales from $113,198 in June 2010 to $3,850,000 in June 2014. During this period we increased the number of clinics in operation from eight to 215. During this same period, we increased average annualized sales per clinic from $137,087 to $350,771.

Monthly Sales June 2010 – June 2014



Same store sales growth is a measure commonly used in the retail industry. It is important because it excludes sales growth from new locations, thus illustrating a retailer's growth capacity from existing units. Same store sales growth measures the annual sales increase for each store that has been open for at least one year. Same store sales growth for our clinics that opened in 2011 (which we refer to as age class 2011) was 99% in 2012, 50% in 2013, and 21% through June 30, 2014. The following table presents same store sales growth data for our clinics that opened in 2011, which is the only age class for which we have at least two full years of data. Although our age class 2011 clinics consist of only 14 clinics, we believe that they are representative of the same store sales growth that we expect from new clinics as they grow to maturity.

Same Store Sales Growth %
(Stores opened in 2011)



* Through June 30, 2014

Strong and proven management team. Our strategic vision and results-oriented culture are directed by our senior management team led by our Chief Executive Officer John B. Richards, who previously served as president of Starbucks North America when it expanded from 500 to 3,000 units. Mr. Richards was also Chief Executive Officer of Elizabeth Arden Red Door Salons. Together with Mr. Richards, our senior management team is also guided by David Orwasher, who has served as our Chief Operating Officer since January 2014 and who previously served as a vice president of Starbucks, working directly with Mr. Richards during the same period. John Leonesio, the founder of Massage Envy, who grew that company from inception through the opening of over 300 franchises, serves as non-executive Chairman of our Board of Directors. Mr. Leonesio was our Chief Executive Officer from the commencement of our operations through the opening of 160 clinics across 22 states. Our senior management will direct a team of dedicated leaders who are focused on executing our business plan and implementing our growth strategy. Messrs. Richards, Orwasher and Leonesio have had collective responsibility for building, opening or franchising a total of over 7,000 retail units. We believe that our management team's experience in operating, franchising, developing systems and rapidly expanding retail operations will be a key driver of our growth and will position us well for achieving our long-term strategy.

Our Growth Strategy

Our goal is not only to capture a significant share of the existing market but also to expand the market for non-acute chiropractic care. We intend to accomplish this through the rapid and focused geographic expansion of our affordable service offering by the introduction of corporate clinics and the continuation of our franchising program. We propose to employ a variety of growth tactics including:

- opening company-owned clinics;
- the opportunistic acquisition of existing franchises;
- continued clinic revenue and royalty income growth;
- opening franchised clinics in development;
- the sale of additional franchises and conversion of existing chiropractic practices to our model;
- reacquiring regional developer licenses; and
- improving margins and leveraging infrastructure.

Development of company-owned clinics. Development of company-owned clinics will be our principal focus, and we will use a significant amount of the proceeds from this offering to pursue this strategy. We believe we can leverage the experience we have gained in supporting our demonstrated franchisee growth and our senior management's experience in rapidly and effectively growing other well-known high velocity specialty retail concepts to successfully develop and profitably operate company-owned clinics. Since commencing operations as a franchisor of chiropractic clinics, we have gained significant experience in identifying the business systems and practices that are required to profitably operate our clinics, validate our model and demonstrate proof of concept. See, "Use of Proceeds" and "Business — Our Growth Strategy."

We believe our greater control over company owned clinics will enable us to more effectively apply these operating standards than in our franchised clinics. We intend to develop company-owned clinics in geographic clusters where we are able to increase efficiencies through a consolidated real estate penetration strategy, leverage cooperative advertisement and marketing and attain general corporate and administrative operating efficiencies. Our management has done this before, and we believe that their experience in this area readily translates to our business model.

Acquiring existing franchisees. We believe that we can accelerate the development of company-owned clinics through the selective acquisition of existing franchised clinics. Our management team has developed a template for the acquisition of existing franchised clinics, their conversion to company-owned clinics and their integration into a company-owned clinic system. We have begun the process of developing a pipeline of

existing franchisees whose clinics may be available for purchase and we intend to use a portion of the proceeds of this offering for acquisitions. We have not entered into any agreement for any specific acquisition at this time.

Increasing revenues from existing franchisees. We have a history of increasing revenues from existing franchises. Our revenues from existing franchises have increased by an average of 27% percent for each of the past 14 calendar quarters through June 30, 2014. We believe that the experience we have gained operations, management and marketing, together with increasing awareness of our brand has contributed to revenue growth. We believe that our ability to leverage cooperative and general media advertising will continue to grow as the number and density of our clinics increases.

Opening clinics in development. In addition to the 215 clinics our franchisees are currently operating, we have sold licenses and granted franchises either directly or through our regional developers for an additional 250 clinics that are in various stages of development. We will continue to provide support to our franchisees and regional developers to open these clinics and to achieve sustainable profitability as soon as possible.

Selling additional franchises. We intend to continue to sell franchises. We believe that, to secure leadership in our industry and to maximize opportunities in identified markets, it is important to gain brand equity and consumer awareness as rapidly as possible, consistent with a disciplined approach to opening clinics. This same strategy has been used by numerous high-velocity retail concepts, including Starbucks Coffee Company. We believe that continued sales of franchises in selected markets complements our plan to open company-owned clinics, particularly in specialized or unique operating environments, and that a growth strategy that includes both franchised and company-owned clinics has advantages over either approach by itself. These advantages include:

- increasing our availability to patients;
- accelerating our speed to market and our competitive advantages;
- enhancing our value to present franchisees who may realize benefits from clinic density and cooperative advertising;
- enhancing our desirability to potential new franchisees; and
- presenting an exit strategy to franchisees, who may view us as a potential acquirer of their franchised clinics at such time as they may choose to sell.

Reacquiring regional developer licenses. We intend to selectively pursue the reacquisition of regional developer licenses. We believe that by repurchasing regional developer licenses we can increase our profitability through capturing the regional developers' royalty stream on franchises within their region. In addition, to the extent that we reacquire a given regional developer license, we will be freed from contractual restraints that may be present in that regional developer license on our ability to open company-owned clinics in that region. We intend to use a portion of the proceeds of this offering for the reacquisition of regional developer licenses.

Continue to improve margins and leverage infrastructure. As we continue to grow, we expect to drive greater efficiencies in our development and marketing organizations and leverage our technology and existing support infrastructure. We believe we will be able control corporate costs over time to enhance margins as general and administrative expenses grow at a slower rate than our clinic base and revenues. At the clinic level, we expect to drive margins and labor efficiencies through continued revenue growth as our clinic base matures and the average number of patient visits increases. In addition, we will consider introducing selected branded products such as nutraceuticals or dietary supplements and related additional services.

Risks Associated with Our Business

An investment in our common stock involves a high degree of risk. Any of the factors set forth under "Risk Factors" may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in our common stock. Below is a summary of some of the principal risks we face:

- we may not be able to successfully implement our growth strategy if we or our franchisees are unable to locate and secure appropriate sites for clinic locations, obtain favorable lease terms, hire and retain suitable chiropractors and staff to serve our patients, and attract patients to our clinics;
- we have limited experience operating company-owned clinics, and we may not be able to duplicate the success of some of our franchisees;
- we may not be able to acquire operating clinics from existing franchisees or acquire operating clinics on attractive terms;
- we may not be able to continue to sell franchises to qualified franchisees;
- we may not be able to identify, recruit and train enough qualified chiropractors to staff our clinics;
- new clinics may not be profitable, and we may not be able to maintain or improve revenues and franchise fees from existing franchised clinics;
- the chiropractic industry is highly competitive, with many well-established competitors;
- we may face negative publicity or damage to our reputation, which could arise from concerns expressed by opponents of chiropractic and by chiropractors operating under historically traditional service models;
- legislation and regulations, as well as new medical procedures and techniques could reduce or eliminate our competitive advantages; and
- we will face increased costs as a result of being a public company.

Corporate Information

We are a Delaware corporation. Our principal executive offices are located at 16767 N. Perimeter Drive, Suite 240, Scottsdale, Arizona, and our telephone number at that address is (480) 245-5960. Our website is *www.thejoint.com*. Information on, and which can be accessed through, our website is not incorporated in this prospectus.

THE OFFERING

Common stock offered by us in this offering	shares
Common stock to be outstanding immediately after this offering	shares
Over-allotment option	We have granted the underwriters a 45-day option to purchase up to additional shares of our common stock at the public offering price, less underwriting discounts and commissions.
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $ million. We intend to use the net proceeds (i) to establish new company-owned clinics; (ii) to acquire selected existing franchised clinics and reposition them as company-owned clinics; (iii) to repurchase selected area development licenses and (iv) for general corporate purposes, including, among other things, additional working capital, financing of capital expenditures and additional marketing efforts. See "Use of Proceeds."
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Proposed NASDAQ Global symbol	We intend to apply for listing of our common stock on The NASDAQ Global Market under the symbol "JYNT."

The number of shares of common stock to be outstanding after this offering is based on 2,709,378 shares of our common stock outstanding as of June 30, 2014, and 750,000 additional shares of our common stock issuable upon the conversion of 25,000 shares of preferred stock upon the completion of this offering, and excludes as of such date:

- 452,750 shares of common stock issuable upon exercise of outstanding options at a weighted-average exercise price of approximately $1.51 per share;
- shares of common stock reserved for future issuance under our 2014 stock plan; and
- shares of common stock issuable upon exercise of warrants to be issued to the Representative of the underwriters in connection with this offering, at an exercise price per share equal to 125% of the public offering price, as described in the "Underwriting — Representative's Warrants" section of this prospectus.
- 309,372 shares of restricted stock issued under our 2012 stock plan which are not vested.

Unless we indicate otherwise, this prospectus reflects and assumes the following:

- a dividend of shares of our common stock for each share of our common stock held as of 2014, to be effected before the commencement of this offering;
- no exercise of the Representative's warrants to be issued to the Representative of the underwriters described above;
- no exercise by the underwriters of their option to purchase additional shares of our common stock to cover over-allotment, if any; and
- conversion of 25,000 shares of our preferred stock into 750,000 shares of common stock.

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

We qualify as an emerging growth company as defined in the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"). An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include:

- a requirement to have only two years of audited financial statements and only two years of related selected financial data and management's discussion and analysis of financial condition and results of operations disclosure;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act");
- an exemption from new or revised financial accounting standards until they would apply to private companies and from compliance with any new requirements adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation;
- reduced disclosure about the emerging growth company's executive compensation arrangements; and
- no requirement to seek non-binding advisory votes on executive compensation or golden parachute arrangements.

The JOBS Act permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to "opt out" of this provision, and as a result, we plan to comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period is irrevocable.

We have elected to adopt certain of the reduced disclosure requirements available to emerging growth companies. As a result of these elections, the information that we provide in this prospectus may be different than the information you may receive from other public companies in which you hold equity interests. In addition, it is possible that some investors will find our common stock less attractive as a result of our elections, which may result in a less active trading market for our common stock and more volatility in our stock price.

We may take advantage of these provisions until we are no longer an emerging growth company. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least $1.0 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our prior second fiscal quarter, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. We may choose to take advantage of some but not all of these reduced disclosure requirements.

SUMMARY FINANCIAL DATA

The following summary financial data presents certain data for us. Historical financial data below should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the unaudited financial statements and the related notes and the historical financial statements and the related notes included elsewhere in this prospectus. The summary financial data in this section is not intended to replace our financial statements and the related notes thereto. The following table does not give effect to the dividend of shares of our common stock for each share of our common stock outstanding as of , which will be effected prior to commencement of this offering. Our historical financial data may not be indicative of our future performance.

	Year Ended December 31,		Six Months Ended
	2013 (audited)	2012 (audited)	June 30, 2014 (unaudited)
Consolidated Statement of Operations Data			
Total revenues	$ 5,958	$ 2,785	$ 3,245
Cost of revenues	2,006	1,091	1,115
Selling, general and administrative expense	3,512	3,042	2,509
Income (loss) from operations	440	(1,347)	(379)
Net income (loss)	156	(736)	(262)
Basic net profit (loss) per share	0.05	(0.25)	(0.10)
Diluted net profit (loss) per share	0.04	(0.25)	(0.10)
Weighted-average shares outstanding used in computing income (loss) per share	2,685	2,700	2,405
Other Data:			
EBITDA[(1)]	485	(1,258)	(290)

	2012 (audited)	2013 (audited)	June 30, 2014 (unaudited)
		(in thousands)	
Balance Sheet Data			
Cash and cash equivalents	$ 3,566	$ 3,517	$ 3,261
Property and equipment	230	400	854
Deferred franchise costs	3,208	3,223	3,194
Other assets	2,096	2,628	2,817
Total assets	9,100	9,768	10,126
Deferred revenue	9,949	10,008	9,823
Other liabilities	288	981	1,758
Total liabilities	10,237	10,989	11,581
Stockholders' deficit	(1,136)	(1,221)	(1,455)

(1) EBITDA consists of net income (loss), before interest, income taxes, depreciation and amortization. We have provided EBITDA because it is a measure of financial performance commonly used for comparing companies in our industry. EBITDA provides an alternative measure of cash flow from operations. You should not consider EBITDA as a substitute for operating profit as an indicator of our operating performance or as an alternative to cash flows from operating activities as a measure of liquidity. We may calculate EBITDA differently from other companies.

We believe that the use of EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with other outpatient medical clinics, which may present similar non-GAAP financial measures to investors. In addition, you should be aware when evaluating EBITDA that in the future we may incur expenses similar to those excluded when calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies do not calculate EBITDA in the same fashion.

Our management does not consider EBITDA in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of EBITDA is that they exclude significant expenses and income that are required by GAAP to be recorded in our financial statements. Some of these limitations are:

a. EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

b. EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

c. EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and

d. although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements.

Because of these limitations, EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally. You should review the reconciliation of net income (loss) to EBITDA below and not rely on any single financial measure to evaluate our business. The following table reconciles net income (loss) to EBITDA for 2012, 2013 and for the six months ended June 30, 2014:

	Year Ended December 31,		Six Months Ended
	2012 (audited)	2013 (audited)	June 30, 2014 (unaudited)
Net Income	$ (736)	$ 156	$ (262)
Interest expense	—	—	—
Depreciation and amortization expense	50	71	89
Tax expense (benefit) penalties and interest	(572)	258	(117)
EBITDA	$ (1,258)	$ 485	$ (290)

RISK FACTORS

You should carefully consider the risks described below before buying shares in this offering. If any of the following risks actually occur, our business, financial condition and results of operations could be harmed. In that case, the trading price of our common stock could decline, and you could lose all or part of your investment.

Risks Related to Our Business

Our long-term success is highly dependent on our ability to open new, primarily company-owned clinics, and is subject to many unpredictable factors.

One of the key means of achieving our growth strategy will be through opening new, primarily company-owned clinics and operating those clinics on a profitable basis. We expect this to be the case for the foreseeable future. We have opened 207 franchised clinics since April 2010, but we have opened only one company-owned clinic, which we then sold to a franchisee. We may not be able to open new company-owned clinics as quickly as planned. In the past, we have experienced delays in opening some franchised clinics, for various reasons, including the landlord's failure to turn over the premises to our franchisee on a timely basis. Such delays could happen again in future clinic openings. Delays or failures in opening new, primarily company-owned clinics could materially and adversely affect our growth strategy and our business, financial condition and results of operations. As we operate more clinics, our rate of expansion relative to the size of our clinic base will eventually decline.

In addition, one of our biggest challenges is locating and securing an adequate supply of suitable new clinic sites in our target markets. Competition for those sites is intense, and other medical and retail concepts that compete for those sites may have unit economic models that permit them to bid more aggressively for those sites than we can. There is no guarantee that a sufficient number of suitable sites will be available in desirable areas or on terms that are acceptable to us in order to achieve our growth plan. Our ability to open new clinics also depends on other factors, including:

- negotiating leases with acceptable terms;
- identifying, hiring and training qualified employees in each local market;
- timely delivery of leased premises to us from our landlords and punctual commencement of our build-out construction activities;
- managing construction and development costs of new clinics, particularly in competitive markets;
- obtaining construction materials and labor at acceptable costs, particularly in urban markets;
- unforeseen engineering or environmental problems with leased premises;
- generating sufficient funds from operations or obtaining acceptable financing to support our future development;
- securing required governmental approvals, permits and licenses (including construction permits and operating licenses) in a timely manner and responding effectively to any changes in local, state or federal laws and regulations that adversely affect our costs or ability to open new clinics; and
- avoiding the impact of inclement weather, natural disasters and other calamities.

Our progress in opening new, primarily company-owned clinics from quarter to quarter may occur at an uneven rate. If we do not open new clinics in the future according to our current plans, the delay could materially adversely affect our business, financial condition and results of operations.

We intend to develop new, primarily company-owned clinics in our existing markets, expand our footprint into adjacent markets and selectively enter into new markets. However, there are numerous factors involved in identifying and securing an appropriate site, including, but not limited to: identification and availability of suitable locations with the appropriate population demographics, psychographics, traffic patterns, local retail and business attractions and infrastructure that will drive high levels of customer traffic and sales per clinic; consumer acceptance of our chiropractic practice concept; financial conditions affecting

developers and potential landlords, such as the effects of macro-economic conditions and the credit market, which could lead to these parties delaying or canceling development projects (or renovations of existing projects), in turn reducing the number of appropriate locations available; developers and potential landlords obtaining licenses or permits for development projects on a timely basis; anticipated commercial, residential and infrastructure development near our new clinics; and availability of acceptable lease arrangements.

We may not be able to successfully develop critical market presence for our brand in new geographical markets, as we may be unable to find and secure attractive locations, build name recognition or attract new customers. If we are unable to fully implement our development plan, our business, financial condition and results of operations could be materially adversely affected.

New clinics, once opened, may not be profitable, and the increases in average clinic sales and comparable clinic sales that we have experienced in the past may not be indicative of future results.

Typically, our new clinics continue to increase sales for their first 36 months of operation. Our analysis of clinic growth leads us to believe that revenue growth will continue past 36 months. However, we cannot assure you that this will occur for future clinic openings. In new markets, the length of time before average sales for new clinics stabilize is less predictable and can be longer as a result of our limited knowledge of these markets and consumers' limited awareness of our brand. New clinics may not be profitable and their sales performance may not follow historical patterns. In addition, our average clinic sales and comparable clinic sales may not increase at the rates achieved over the past several years. Our ability to operate new clinics, especially company-owned clinics, profitably and increase average clinic sales and comparable clinic sales will depend on many factors, some of which are beyond our control, including:

- consumer awareness and understanding of our brand;
- general economic conditions, which can affect clinic traffic, local rent and labor costs and prices we pay for the supplies we use;
- changes in consumer preferences and discretionary spending;
- competition, either from our competitors in the chiropractic industry or our own clinics;
- temporary and permanent site characteristics of new clinics;
- changes in government regulation; and
- other unanticipated increases in costs, any of which could give rise to delays or cost overruns.

If our new clinics do not perform as planned, our business and future prospects could be harmed. In addition, if we are unable to achieve our expected average clinics sales, our business, financial condition and results of operations could be adversely affected.

Our failure to manage our growth effectively could harm our business and operating results.

Our growth plan includes a significant number of new clinics. Our existing clinic management systems, administrative staff, financial and management controls and information systems may be inadequate to support our planned expansion. Those demands on our infrastructure and resources may also adversely affect our ability to manage our existing clinics. Managing our growth effectively will require us to continue to enhance these systems, procedures and controls and to hire, train and retain managers and team members. We may not respond quickly enough to the changing demands that our expansion will impose on our management, clinic teams and existing infrastructure which could harm our business, financial condition and results of operations.

Our expansion into new markets may present increased risks.

We plan to open clinics in markets where we have little or no operating experience. Clinics we open in new markets may take longer to reach expected sales and profit levels on a consistent basis and may have higher construction, occupancy, marketing or operating costs than clinics we open in existing markets, thereby affecting our overall profitability. New markets may have competitive conditions, consumer tastes and discretionary spending patterns that are more difficult to predict or satisfy than our existing markets. We may need to make greater investments than we originally planned in advertising and promotional activity in new

markets to build brand awareness. We may find it more difficult in new markets to hire, motivate and keep qualified employees who share our vision and culture. We may also incur higher costs from entering new markets, particularly with company-owned clinics if, for example, we hire and assign regional managers to manage comparatively fewer clinics than in more developed markets. For these reasons, both our new franchised clinics and our new company-owned clinics may be less successful than our existing franchised clinics or may achieve target rates of patient visits at a slower rate. If we do not successfully execute our plans to enter new markets, our business, financial condition and results of operations could be materially adversely affected.

We will be subject to all of the risks associated with leasing space subject to long-term non-cancelable leases for clinics that we intend to operate.

We do not intend to own any of the real property where our company-owned clinics will operate. We expect the company-owned clinics we intend to open in the future will be leased. We anticipate that our leases generally will have an initial term of five years and generally can be extended only in five-year increments (at increased rates). We expect that all of our leases will require a fixed annual rent, although some may require the payment of additional rent if clinic sales exceed a negotiated amount. We expect that our leases will typically be net leases, which require us to pay all of the cost of insurance, taxes, maintenance and utilities, and that these leases will not be cancellable by us. If a future company-owned clinic is not profitable, resulting in its closure, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. In addition, we may fail to negotiate renewals as each of our leases expires, either on commercially acceptable terms or at all, which could cause us to pay increased occupancy costs or to close stores in desirable locations. These potential increases in occupancy costs and the cost of closing company-owned clinics could materially adversely affect our business, financial condition or results of operations.

Our intended reliance on sources of revenue other than from franchise and regional developer licenses exposes us to risks.

From the commencement of our operations until the present, we have relied exclusively on the sale of franchises and regional developer licenses as sources of revenue until the franchises we have sold begin to generate royalty revenues. We intend to place less reliance in the future on these sources of revenue as we implement our strategy of developing and operating company-owned clinics. We will not realize revenues from company-owned clinics until the opening of those clinics, and we will be required to use our working capital, including the proceeds for this offering, to operate our business and to develop company-owned clinics. If the opening of our company-owned clinics is delayed or if the cost of developing company-owned clinics exceeds our expectations, we may experience insufficient working capital to fully implement our development plans, and our business, financial condition and results of operations could be adversely affected.

We may need to raise additional capital to accomplish our objectives of expanding into new markets and opening company-owned clinics.

We intend to use a portion of the proceeds of this offering as consideration for future development and acquisitions of company-owned clinics and related businesses. If we do not have sufficient cash resources, our ability to develop and acquire clinics and related businesses could be limited unless we are able to obtain additional capital through future debt or equity financings. Using cash to finance development and acquisition of clinics and related businesses could limit our financial flexibility by reducing cash available for operating purposes. Using debt financing could result in lenders imposing financial covenants that limit our operations and financial flexibility. Using equity financing may result in dilution of ownership interests of our existing stockholders. We may also use common stock as consideration for the future acquisition of clinics and related businesses. If our common stock does not maintain a sufficient market value or if prospective acquisition candidates are unwilling to accept our common stock as part of the consideration for the sale of their clinics or businesses, we may be required to use more of our cash resources or greater debt financing to complete these acquisitions.

Changes in economic conditions and adverse weather and other unforeseen conditions could materially affect our ability to maintain or increase sales at our clinics or open new clinics.

Our services emphasize maintenance therapy, which is generally not a medical necessity, and should be viewed as discretionary medical expenditures. The United States in general or the specific markets in which we operate may suffer from depressed economic activity, recessionary economic cycles, higher fuel or energy costs, low consumer confidence, high levels of unemployment, reduced home values, increases in home foreclosures, investment losses, personal bankruptcies, reduced access to credit or other economic factors that may affect consumer discretionary spending. Traffic in our clinics could decline if consumers choose to reduce the amount they spend on non-critical medical procedures. Negative economic conditions might cause consumers to make long-term changes to their discretionary spending behavior, including reducing medical discretionary spending on a permanent basis. In addition, given our geographic concentrations in the West, South-west and mid-Atlantic regions of the United States, economic conditions in those particular areas of the country could have a disproportionate impact on our overall results of operations, and regional occurrences such as local strikes, terrorist attacks, increases in energy prices, adverse weather conditions, tornadoes, earthquakes, hurricanes, floods, droughts, fires or other natural or man-made disasters could materially adversely affect our business, financial condition and results of operations. Adverse weather conditions may also impact customer traffic at our clinics. All of our clinics depend on visibility and walk-in traffic, and the effects of adverse weather may decrease visits to malls in which our clinics are located and negatively impact our revenues. If clinic sales decrease, our profitability could decline as we spread fixed costs across a lower level of sales. Reductions in staff levels, asset impairment charges and potential clinic closures could result from prolonged negative clinic sales, which could materially adversely affect our business, financial condition and results of operations.

We depend on the success of our franchisees.

A substantial portion of our revenues comes from royalties generated by our franchised clinics. We anticipate that franchise royalties will represent a substantial part of our revenues in the future. As of June 30, 2014, we had 92 franchisees operating 215 clinics. Accordingly, we are reliant on the performance of our franchisees in successfully opening and operating their clinics and paying royalties to us on a timely basis. Our franchise system subjects us to a number of risks, any one of which could impact our ability to collect royalty payments from our franchisees, may harm the goodwill associated with our brand and may materially adversely affect our business and results of operations.

Our franchisees are independent operators.

Franchisees are independent operators, and their employees are not our employees. Accordingly, their actions are outside of our control. Although we have developed criteria to evaluate and screen prospective franchisees, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises in their approved locations, and state franchise laws may limit our ability to terminate or modify these franchise agreements. Moreover, despite our training, support and monitoring, franchisees may not successfully operate stores in a manner consistent with our standards and requirements, or may not hire and adequately train qualified managers and other store personnel. The failure of our franchisees to operate their franchises successfully and the actions taken by their employees could have a material adverse effect on our reputation, our brand and our ability to attract prospective franchisees, and on our business, financial condition and results of operations.

A recent decision by the United States National Labor Relations Board held that McDonald’s Corporation could be held jointly liable for labor and wage violations by its franchisees. If this decision is upheld it could result in us having responsibility for damages, reinstatement, back pay and penalties in connection with labor law violations by our franchisees over whom we have no control, and could have a material and adverse effect on our financial condition and results of operations.

Franchise agreements may be terminated or not renewed.

Each franchise agreement is subject to termination by us as the franchisor in the event of a default, generally after expiration of applicable cure periods, although under certain circumstances a franchise agreement may be terminated by us upon notice without an opportunity to cure. The default provisions under

the franchise agreements are drafted broadly and include, among other things, any failure to meet operating standards and actions that may threaten our intellectual property. In addition, each franchise agreement has an expiration date. Upon the expiration of the franchise agreement, we or the franchisee may, or may not, elect to renew the franchise agreement. If the franchise agreement is renewed, the franchisee will receive a new franchise agreement for an additional term. Such option, however, is contingent on the franchisee's execution of the then-current form of franchise agreement (which may include increased royalty payments, advertising fees and other costs), and the payment of a renewal fee. If a franchisee is unable or unwilling to satisfy any of the foregoing conditions, we may elect to not renew the expiring franchise agreement, in which event the franchise agreement will terminate upon expiration of its term. The termination or non-renewal of a franchise agreement could result in the reduction of royalty payments we receive.

Our franchisees may not meet timetables for opening their clinics.

Our franchise agreements specify a timetable for opening the clinic. Failure by our franchisees to open their clinics within the specified time limit would result in the reduction in royalty payments we receive and could result in the termination of the franchise agreement. Of our 258 franchise agreements for unopened clinics as of June 30, 2014, franchisors under 135 franchise agreements have not met the opening timetable specified in their franchise agreement.

Our franchisees may elect bankruptcy protection and deprive us of income.

The bankruptcy of a franchisee could negatively impact our ability to collect payments due under such franchisee's franchise agreement. In a franchisee bankruptcy, the bankruptcy trustee may reject the franchisee's franchise agreement pursuant to Section 365 under the United States Bankruptcy Code, in which case we would no longer receive royalty payments from the franchisee.

Our regional developers are independent operators.

Our regional developers are independent operators. Accordingly, their actions are outside of our control. We depend upon our regional developers to sell a minimum number of franchises within their territory and to assist the purchasers of those franchises to develop and open their clinics. The failure by regional developers to sell the specified minimum number of franchises within the time limits set forth in their regional developer license agreements would reduce the franchise fees we receive, delay the payment of royalties to us and result in a potential event of default under the regional developer license agreement. Of our total of 26 regional developer licenses as of June 30, 2014, regional developers under 11 regional developer licenses have not met their minimum franchise sales requirements within the time periods specified in their regional developer license agreements.

We present EBITDA as a supplemental measure to help us describe our operating performance. EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net (loss) income or as a better indicator of operating performance.

EBITDA consists of net income (loss), before interest, income taxes, depreciation and amortization. We present EBITDA as a supplemental measure to help us describe our operating performance. EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net (loss) income (as determined in accordance with generally accepted accounting principles in the United States, or GAAP) or as a better indicator of operating performance. You should not consider EBITDA as a substitute for operating profit, as an indicator of our operating performance or as an alternative to cash flows from operating activities as a measure of liquidity. We may calculate EBITDA differently from other companies.

In addition, in the future we may incur expenses similar to those excluded when calculating EBITDA. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies do not calculate EBITDA in the same fashion.

Our management does not consider EBITDA in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of EBITDA is that it excludes significant expenses and income that are required by GAAP to be recorded in our financial statements. Some of these

limitations are: (i) EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; (ii) EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (iii) EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts, and although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future; and (iv) EBITDA does not reflect any cash requirements for such replacements.

Our ability to operate effectively could be impaired if we fail to attract and retain our executive officers.

Our success depends, in part, upon the continuing contributions of our executive officers and key employees at the management level. Although we have employment agreements with certain our key executive officers, there is no guarantee that they will not leave. The loss of the services of any of our executive officers or the failure to attract other executive officers could have a material adverse effect on our business or our business prospects. If we lose the services of any of our key employees at the operating or regional level, we may not be able to replace them with similarly qualified personnel, which could harm our business.

We are planning on rapidly growing our operations after the closing of this offering. A lack of qualified employees will significantly hinder our growth plans and adversely affect our results of operations.

As we grow, our ability to increase productivity and profitability will be limited by our ability to employ, train and retain skilled personnel. There can be no assurance that we will be able to maintain an adequate skilled labor force necessary to operate efficiently, that our labor expenses will not increase as a result of a shortage in the supply of skilled personnel or that we will not have to curtail our planned internal growth as a result of labor shortages.

Our clinics and chiropractors compete for patients in a highly competitive environment that may make it more difficult to increase patient volumes and revenues.

The business of providing chiropractic services is highly competitive in each of the markets in which our clinics operate. The primary bases of such competition are quality of care and reputation, price of services, marketing and advertising strategy and implementation, convenience, traffic flow and visibility of office locations and hours of operation. Our clinics compete with all other chiropractors in their local market. Many of those chiropractors have established practices and reputations in their markets. Some of these competitors and potential competitors may have financial resources, affiliation models, reputations or management expertise that provides them competitive advantages against us, which may make it difficult to compete against them. Our two largest multi-unit competitors are HealthSource Chiropractic, which currently operates 442 units and ChiroOne, which operates 42 units. In addition, a number of other chiropractic franchises and chiropractic practices that are attempting to duplicate or follow our business model are currently operating in our markets and in other parts of the country and may enter our existing markets in the future.

Our success is dependent on the chiropractors who control the professional corporations, or PC owners, with whom we enter into management services agreements, and we may have difficulty locating qualified chiropractors to replace PC owners.

With the exception of franchisees that are owned by chiropractors, or franchisees that are owned by non-chiropractors in states that do not regulate the corporate practice of chiropractic, our chiropractic services are provided by legal entities organized under state laws as professional corporations, or PCs. Each PC employs or contracts with chiropractors in one or more offices. Each of the PCs is wholly owned by one or more licensed chiropractors, the PC owner, and we do not own any capital stock of any PC. We and our franchisees that are not owned by chiropractors enter into management services agreements with PCs to provide on an exclusive basis all non-clinical services of the chiropractic practice. The PC owner is critical to the success of a clinic because he or she has control of all clinical aspects of the practice of chiropractic and the provision of chiropractic services. Under our arrangements with the PC owners, the PC owners are prohibited from selling, transferring, pledging or assigning the stock of the PC to a third party without our consent. In addition, we can require the PC owner to sell his or her interest in the PC to any person designated by us that is permitted to hold an ownership interest in the PC. However, upon the departure of a

PC owner, we may not be able to locate one or more suitably qualified licensed chiropractors to hold the ownership interest in the PC and maintain the success of the departing PC owner. Also, a court may decide not to enforce these transfer restrictions in a given situation.

Our management services agreements with our affiliated PCs could be challenged by a state or chiropractor under laws regulating the practice of chiropractic.

The laws of every state in which we operate contain restrictions on the practice of chiropractic and control over the provision of chiropractic services. The laws of many states where we operate permit a chiropractor to conduct a chiropractic practice only as an individual, a member of a partnership or an employee of a PC, limited liability company or limited liability partnership. These laws typically prohibit chiropractors from splitting fees with non-chiropractors and prohibit non-chiropractic entities, such as chiropractic management services organizations, from engaging in the practice of chiropractic and from employing chiropractors. The specific restrictions against the corporate practice of chiropractic, as well as the interpretation of those restrictions by state regulatory authorities, vary from state to state. However, the restrictions are generally designed to prohibit a non-chiropractic entity from controlling or directing clinical care decision-making, engaging chiropractors to practice chiropractic or sharing professional fees. The form of management agreement that we recommend to our franchisees that are management service organizations explicitly prohibits the management service organization from controlling or directing clinical care decisions. However, there can be no assurance that all of our franchisees that are management service organizations will strictly follow the provisions in our recommended form of management agreement. The laws of many states also prohibit chiropractic practitioners from paying any portion of fees received for chiropractic services in consideration for the referral of a patient. Any challenge to our contractual relationships with our affiliated PCs by chiropractors or regulatory authorities could result in a finding that could have a material adverse effect on our operations, such as voiding one or more management services agreements. Moreover, the laws and regulatory environment may change to restrict or limit the enforceability of our management services agreements. We could be prevented from affiliating with chiropractor-owned PCs or providing comprehensive business services to them in one or more states.

We and our affiliated chiropractor-owned PCs are subject to complex laws, rules and regulations, compliance with which may be costly and burdensome.

We, and the chiropractor-owned PCs we provide management services for, are subject to extensive federal, state and local laws, rules and regulations, including:

- state regulations on the practice of chiropractic;
- the Health Insurance Portability and Accountability Act of 1996, as amended, and its implementing regulations, or HIPAA, and other federal and state laws governing the collection, dissemination, use, security and confidentiality of patient-identifiable health and financial information;
- federal and state laws and regulations which contain anti-kickback and fee-splitting provisions and restrictions on referrals;
- the federal Fair Debt Collection Practices Act and similar state laws that restrict the methods that we and third party collection companies may use to contact and seek payment from patients regarding past due accounts;
- state and federal labor laws, including wage and hour laws.

Many of the above laws, rules and regulations applicable to us and our affiliated PCs are ambiguous, have not been definitively interpreted by courts or regulatory authorities and vary from jurisdiction to jurisdiction. Accordingly, we may not be able to predict how these laws and regulations will be interpreted or applied by courts and regulatory authorities, and some of our activities could be challenged. In addition, we must consistently monitor changes in the laws and regulatory schemes that govern our operations. Although we have tried to structure our business and contractual relationships in compliance with these laws, rules and regulations in all material respects, if any aspect of our operations was found to violate applicable laws, rules or regulations, we could be subject to significant fines or other penalties, required to cease operations in a particular jurisdiction, prevented from commencing operations in a particular state or otherwise be required to

revise the structure of our business or legal arrangements. Our efforts to comply with these laws, rules and regulations may impose significant costs and burdens, and failure to comply with these laws, rules and regulations may result in fines or other charges being imposed on us.

Our facilities are subject to extensive federal and state laws and regulations relating to the privacy and security of individually identifiable information.

HIPAA required the United States Department of Health and Human Service to adopt standards to protect the privacy and security of individually identifiable health-related information, or PHI. The department released final regulations containing privacy standards in December 2000 and published revisions to the final regulations in August 2002. The privacy regulations extensively regulate the use and disclosure of PHI. The regulations also provide patients with significant rights related to understanding and controlling how their health information is used or disclosed. The security regulations require healthcare providers to implement administrative, physical and technical practices to protect the security of individually identifiable health information that is maintained or transmitted electronically. The Health Information Technology for Economic and Clinical Health Act, or HITECH, which was signed into law in February of 2009, enhanced the privacy, security and enforcement provisions of HIPAA by, among other things, extending HIPAA's privacy and security standards directly applicable to "business associates," which, like us, are independent contractors or agents of covered entities (such as the chiropractic PCs and other healthcare providers) that create, receive, maintain, or transmit PHI in connection with providing a service for or on behalf of a covered entity. HITECH also established security breach notification requirements, created a mechanism for enforcement of HIPAA by state attorneys general, and increased penalties for HIPAA violations. Violations of HIPAA or HITECH could result in civil or criminal penalties. In addition to HIPAA, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state. Lawsuits, including class actions and action by state attorneys general, directed at companies that have experienced a privacy or security breach also can occur. We have established policies and procedures in an effort to ensure compliance with these privacy related requirements. However, if there is a breach, we may be subject to various penalties and damages and may be required to incur costs to mitigate the impact of the breach on affected individuals.

Our business model depends on proprietary and third party management information systems that we use to, among other things, track financial and operating performance of our clinics, and any failure to successfully design and maintain these systems or implement new systems could materially harm our operations.

We depend on integrated management information systems, some of which are provided by third parties, and standardized procedures for operational and financial information, as well as for patient records and our billing operations. We may experience unanticipated delays, complications, data breaches or expenses in implementing, integrating, and operating our systems. Our management information systems regularly require modifications, improvements or replacements that may require both substantial expenditures as well as interruptions in operations. Our ability to implement these systems is subject to the availability of skilled information technology specialists to assist us in creating, implementing and supporting these systems. Our failure to successfully design, implement and maintain all of our systems could have a material adverse effect on our business, financial condition and results of operations.

If we fail to properly maintain the integrity of our data or to strategically implement, upgrade or consolidate existing information systems, our reputation and business could be materially adversely affected.

We increasingly use electronic means to interact with our customers and collect, maintain and store individually identifiable information, including, but not limited to, personal financial information and health-related information. Despite the security measures we have in place to ensure compliance with applicable laws and rules, our facilities and systems, and those of our third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism, vandalism or theft, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. Additionally, the collection, maintenance, use, disclosure and disposal of individually identifiable data by our businesses are regulated at the federal and state levels as well as by certain financial industry groups, such as the Payment Card Industry organization. Federal, state and financial industry groups may also consider from time to time new privacy and security

requirements that may apply to our businesses. Compliance with evolving privacy and security laws, requirements, and regulations may result in cost increases due to necessary systems changes, new limitations or constraints on our business models and the development of new administrative processes. They also may impose further restrictions on our collection, disclosure and use of individually identifiable information that are housed in one or more of our databases. Noncompliance with privacy laws, financial industry group requirements or a security breach involving the misappropriation, loss or other unauthorized disclosure of personal, sensitive and/or confidential information, whether by us or by one of our vendors, could have material adverse effects on our business, operations, reputation and financial condition, including decreased revenue; material fines and penalties; increased financial processing fees; compensatory, statutory, punitive or other damages; adverse actions against our licenses to do business; and injunctive relief whether by court or consent order.

We along with our affiliated PCs and their chiropractors may be subject to malpractice and other similar claims and may be unable to obtain or maintain adequate insurance against these claims.

The provision of chiropractic services by chiropractors entails an inherent risk of potential malpractice and other similar claims. While we do not have responsibility for compliance by affiliated PCs and their chiropractors with regulatory and other requirements directly applicable to chiropractors, claims, suits or complaints relating to services provided at the offices of our franchisees or affiliated PCs may be asserted against us. We have experienced one malpractice claim since our founding in April, 2010, which we are vigorously defending and do not expect its outcome to have a material adverse effect on our business, financial condition or results of operations. The assertion or outcome of these claims could result in higher administrative and legal expenses, including settlement costs or litigation damages. Our current minimum professional liability insurance coverage required for our franchisees or their affiliated PCs is $1 million per occurrence and $3 million in annual aggregate, with a self-insured retention of $0 per claim and $0 annual aggregate. Our inability to obtain adequate insurance or an increase in the future cost of insurance to us and the chiropractors who provide chiropractic services or an increase in the amount we have to self-insure may have a material adverse effect on our business and financial results.

We could be party to litigation that could adversely affect us by distracting management, increasing our expenses or subjecting us to material money damages and other remedies.

In addition to potential malpractice claims, we are also subject to a variety of other claims arising in the ordinary course of our business, including personal injury claims, contract claims and claims alleging violations of federal and state law regarding workplace and employment matters, equal opportunity, harassment, discrimination and similar matters, and we could become subject to class action or other lawsuits related to these or different matters in the future. Regardless of whether any claims against us are valid, or whether we are ultimately held liable, claims may be expensive to defend and may divert time and money away from our operations and hurt our performance. A judgment in excess of our insurance coverage for any claims could materially and adversely affect our financial condition and results of operations. Any adverse publicity resulting from these allegations may also materially and adversely affect our reputation or prospects, which in turn could materially adversely affect our business, financial condition and results of operations.

Our current insurance may not provide adequate levels of coverage against claims.

Our current insurance policies may not be adequate to protect us from liabilities that we incur in our business. Additionally, in the future, our insurance premiums may increase, and we may not be able to obtain similar levels of insurance on reasonable terms, or at all. Any substantial inadequacy of, or inability to obtain insurance coverage could materially adversely affect our business, financial condition and results of operations.

Furthermore, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Such losses could have a material adverse effect on our business and results of operations. As a public company, we intend to enhance our existing directors' and officers' insurance. While we expect to obtain such coverage, we may not be able to obtain such coverage at all or at a reasonable cost now or in the future. Failure to obtain and maintain adequate directors' and officers' insurance would likely adversely affect our ability to attract and retain qualified officers and directors.

Events or rumors relating to our brand names could significantly impact our business.

Recognition of our brand names, including THE JOINT and THE CHIROPRACTIC PLACE, and the association of those brands with quality, convenient and inexpensive chiropractic maintenance care are an integral part of our business. The occurrence of any events or rumors that cause patients to no longer associate the brands with quality, convenient and inexpensive chiropractic maintenance care may materially adversely affect the value of the brand names and demand for chiropractic services at our franchisees or their affiliated PCs.

Risks Related to this Offering

Our stock price could be volatile and could decline following this offering.

Prior to this offering, there has been no public market for shares of our common stock. An active market may not develop following completion of this offering, or if developed, may not be maintained.

The price at which our common stock will trade after this offering could be extremely volatile and may fluctuate substantially due to the following factors, some of which are beyond our control:

- variations in our operating results;
- variations between our actual operating results and the expectations of securities analysts, investors and the financial community;
- announcements of developments affecting our business or expansion plans by us or others; and
- conditions and trends in the chiropractic industry.

As a result of these and other factors, investors in our common stock may not be able to resell their shares at or above the initial offering price.

In the past, securities class action litigation often has been instituted against companies following periods of volatility in the market price of their securities. This type of litigation, if directed at us, could result in substantial costs and a diversion of management's attention and resources.

We have identified material weaknesses in our internal control over financial reporting, and our business and stock price may be adversely affected if we do not adequately address those weaknesses or if we have other material weaknesses or significant deficiencies in our internal control over financial reporting.

We did not adequately implement certain controls over our financial reporting cycle. These areas included properly segregated duties due to the size of our accounting department and inefficient accounting for and reporting of complex transactions. The existence of these or one or more other material weaknesses or significant deficiencies could result in errors in our financial statements, and substantial costs and resources may be required to rectify any internal control deficiencies. If we cannot produce reliable financial reports, investors could lose confidence in our reported financial information, the market price of our stock could decline significantly, we may be unable to obtain additional financing to operate and expand our business, and our business and financial condition could be harmed. We have added additional support personnel in our accounting department and are actively engaged in recruiting a chief financial officer, which we believe will remediate these weaknesses.

Our officers and directors and their affiliates will exercise significant control over us.

After the completion of this offering, our founders, executive officers and directors and their immediate family members will beneficially own, in the aggregate, approximately % of our outstanding common stock. These stockholders may have interests that are different from yours. As a result, these stockholders will be able to exercise significant control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, which could delay or prevent someone from acquiring or merging with us.

Provisions of Delaware law could discourage a takeover that stockholders may consider favorable.

As a Delaware corporation, we have elected to be subject to the Delaware anti-takeover provisions contained in Section 203 of the Delaware General Corporation Law. Under Delaware law, a corporation may

not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the Board of Directors has approved the transaction. Our Board of Directors could rely on this provision to prevent or delay an acquisition of us. For a description of our capital stock, see "Description of Capital Stock."

Future sales of our common stock, including those purchased in this offering, may depress our stock price.

Sales of substantial amounts of our common stock in the public market following this offering by our then-existing stockholders may adversely affect the market price of our common stock. Shares issued upon the exercise of outstanding options and shares issuable upon the exercise of the Representative's warrants also may be sold in the public market. Such sales could create the perception to the public of difficulties or problems with our business. As a result, these sales might make it more difficult for us to sell securities in the future at a time and price that we deem necessary or appropriate.

Upon completion of this offering, we will have shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options and warrants after , 2014. Of these shares, only shares sold in this offering to persons not subject to a lock-up agreement with our underwriters are freely tradable without restriction immediately following this offering. After the lockup agreements pertaining to this offering expire 180 days from the date of this prospectus, an additional shares will be eligible for sale in the public market, of which are currently held by founders, directors, executive officers and other affiliates, and are subject to volume limitations under Rule 144 of the Securities Act and certain other restrictions. The underwriters may also, in their sole discretion, permit our founders, officers, directors and current stockholders to sell shares prior to the expiration of the lockup agreements. See "Shares Eligible for Future Sale" for more information regarding shares of our common stock that may be sold by existing stockholders after the closing of this offering.

Financial forecasting by us and financial analysts that may publish estimates of our financial results will be difficult because of our limited operating history, and our actual results may differ from forecasts.

As a result of our limited operating history, it is difficult to accurately forecast our revenues, operating expenses and results, and operating data. The inability by us or the financial community to accurately forecast our operating results could cause our net losses in a given quarter to be greater than expected, which could cause a decline in the trading price of our common stock. We have a limited amount of meaningful historical financial data upon which to base planned operating expenses. We base our current and forecasted expense levels new company acquisitions on our operating plans and estimates of future revenues, which are dependent on the growth of the number of customers and the demand for our products. As a result, we may be unable to make accurate financial forecasts or to adjust our spending in a timely manner to compensate for any unexpected shortfalls in revenues. We believe that these difficulties in forecasting are even greater for financial analysts that may publish their own estimates of our financial results.

Our management may not use the proceeds of this offering effectively.

Our management has broad discretion over the use of proceeds of this offering in excess of the amounts required to pay the cash portion of the purchase price for the Combinations. Our management has not designated a specific use for this portion of the proceeds of this offering. Accordingly, it is possible that our management may allocate the proceeds in ways that do not improve our operating results. In addition, these proceeds may not be invested to yield a favorable rate of return pending our use of the proceeds.

We do not intend to pay dividends. You will not receive funds without selling shares, and you may lose the entire amount of your investment.

We have never declared or paid any cash dividends on our capital stock and do not intend to pay dividends in the foreseeable future. We intend to invest our future earnings, if any, to fund our growth. We cannot assure you that you will receive a positive return on your investment when you subsequently sell your shares or that you will not lose the entire amount of your investment.

You will experience immediate and substantial dilution in the pro forma as adjusted net tangible book value.

Purchasers of our common stock in this offering will experience immediate and substantial dilution in the pro forma as adjusted net tangible book value of their shares in the amount of $ per share, or %, assuming an initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus). For a discussion of dilution, see "Dilution."

The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company with listed equity securities, we will need to comply with certain laws, regulations and requirements, including corporate governance provisions of the Sarbanes-Oxley Act of 2002, or the "Sarbanes-Oxley Act," related regulations of the Securities and Exchange Commission, or "SEC," and the requirements of The NASDAQ Global Market with which have not been required to comply as a private company. Complying with these statutes, regulations and requirements will occupy a significant amount of time of our Board of Directors and management and will significantly increase our costs and expenses. We will need to:

- institute more comprehensive corporate governance and compliance functions;
- design, establish, evaluate and maintain a system of internal control over financial reporting in compliance with the requirements of Section 404(a) of the Sarbanes-Oxley Act and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board;
- comply with rules promulgated by The NASDAQ Global Market;
- prepare and distribute periodic public reports in compliance with our obligations under the federal securities laws;
- establish new internal policies, such as those relating to disclosure controls and procedures and insider trading;
- to a greater degree than previously, involve and retain outside counsel and accountants in the above activities; and
- establish an investor relations function.

We are an emerging growth company and our reliance on the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, and we may take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies but are not applicable to emerging growth companies. In particular, while we are an emerging growth company we will not be required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, we will be subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and we will not be required to hold non-binding advisory votes on executive compensation or shareholder approval of any golden parachute payments not previously approved.

We may remain an emerging growth company until as late as December 31, 2019 (the fiscal year-end following the fifth anniversary of the completion of this offering), though we may cease to be an emerging growth company earlier under certain circumstances, including (i) if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30, in which case we would cease to be an emerging growth company as of the following December 31 or (ii) if our gross revenues exceed $1 billion in any fiscal year. Investors may find our common stock less attractive if we rely on these exemptions and relief. If some investors find our common stock less attractive for this reason, there may be a less active trading market for our common stock and our stock price may decline and/or become more volatile.

Following this offering we will be obligated to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

Following this offering and beginning with our second annual report on SEC Form 10-K after becoming a public company, we will be required, pursuant to Section 404(a) of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We may not be able to complete evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to confirm that our internal controls are effective.

When we cease to be an emerging growth company, our auditors will be required to express an opinion on the effectiveness of our internal controls. If we are unable to confirm that our internal control over financial reporting is effective, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation and bylaws that will be in effect immediately prior to the completion of this offering provide that we will indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. In addition, we have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our Board of Directors. Upon the consummation of this offering, we will enter into indemnification agreements with our director nominees and amended indemnification agreements with each of our directors and officers. Under the terms of such indemnification agreements, we are required to indemnify each of our directors and officers, to the fullest extent permitted by the laws of the state of Delaware, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was a director or officer of the Company or any of its subsidiaries or was serving at the Company's request in an official capacity for another entity. We must indemnify our officers and directors against all reasonable fees, expenses, charges and other costs of any type or nature whatsoever, including any and all expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing to defend, be a witness or participate in any completed, actual, pending or threatened action, suit, claim or proceeding, whether civil, criminal, administrative or investigative, or establishing or enforcing a right to indemnification under the indemnification agreement. The indemnification agreements also require us, if so requested, to advance within 30 days of such request all reasonable fees, expenses, charges and other costs that such director or officer incurred, provided that such person will return any such advance if it is ultimately determined that such person is not entitled to indemnification by us. Any claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims and may reduce the amount of money available to us.

ABOUT THIS PROSPECTUS

Industry and Market Data and Forecasts

This prospectus contains industry and market data, forecasts and projections that are based on internal data and estimates, independent industry publications, reports by market research firms or other published independent sources. In particular, we have obtained information regarding the chiropractic industry, including sales and revenue growth in the chiropractic industry, from *First Research*, a national consulting market research firm and *Chiropractic Economics,* a print and online chiropractic industry news and research source. Other industry and market data included in this prospectus are from internal analyses based upon data available from known sources or other proprietary research and analysis.

We believe these data to be reliable as of the date of this prospectus. Our internal data and estimates are based upon information obtained from trade and business organizations, other contacts in the markets in which we operate and our management's understanding of industry conditions. Though we believe this information to be true and accurate, such information has not been verified by any independent sources. You should carefully consider the inherent risks and uncertainties associated with the market and other industry data contained in this prospectus.

Trademarks, Trade Names and Service Marks

"The Joint… the Chiropractic Place" is our trademark, registered in February of 2011, under the registration number 3922558. We also registered the words, letters, and stylized form of service mark, "The Joint… the Chiropractic Place" in April of 2013 under registration number 4323810. Each trademark, trade name or service mark of any other company appearing in this prospectus belongs to its holder.

Other Important Introductory Information

Unless otherwise indicated by the context, references to the "company," "our," "we," "us" and similar terms refer to The Joint Corp.

In this prospectus we use various industry-specific terms. A brief explanation of some of those terms follows. An "adjustment" is the specific manual manipulation of vertebrae and extremities which have become misaligned or which evidence abnormal movement patterns or fail to function properly. "Chiropractic" is a non-invasive approach to health restoration, maintenance and disease resistance. As a natural health-care method, chiropractic does not utilize drugs or surgical procedures. "Maintenance therapy" is defined as a treatment plan that seeks to prevent disease, promote health, and prolong and enhance the quality of life, or therapy that is performed to maintain or prevent deterioration of a chronic condition that is reflected in a misalignment. "Subluxations" are misalignments of the spine that chiropractic adjustments seek to correct.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus (including information incorporated by reference) are "forward-looking statements." We have tried to identify these forward-looking statements by using words such as "may," "might," "will," "expect," "anticipate," "believe," "could," "intend," "plan," "estimate," "should," "if," "project," and similar expressions. We have based these forward-looking statements on our current expectations and projections about future events. However, these forward-looking statements are subject to risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from our expectations and projections. Some of these risks, uncertainties and other factors are set forth in this prospectus and in other documents we have filed with the SEC.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements. Projections and other forward-looking statements included in this prospectus have been prepared based on assumptions, which we believe to be reasonable, but not in accordance with GAAP or any guidelines of the SEC. Actual results may vary, perhaps materially. You are strongly cautioned not to place undue reliance on such projections and other forward-looking statements. All subsequent written and oral forward-looking statements attributable us or to persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Except as required by federal securities laws, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any such forward-looking statements, whether made in this prospectus or elsewhere, should be considered in the context of the various disclosures made by us about our businesses including, without limitation, the risk factors discussed above. For further discussion of these and other factors that could impact our future results, performance or transactions, please carefully read "Risk Factors."

USE OF PROCEEDS

The net proceeds to us from the sale of shares being offered by us at an assumed initial public offering price of $ per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses, are estimated to be approximately $ million, or approximately $ million if the underwriters' over-allotment option is exercised in full.

The principal purposes of this offering are to create a public market for our common stock; to provide resources to develop new company-owned clinics; to acquire selected existing franchisees; to repurchase selected regional developer licenses; for general corporate purposes, including additional working capital, capital expenditures and marketing; to facilitate future access to the public capital markets; and to provide us with flexibility in the future to acquire additional businesses, either with the net proceeds from this offering or through the publicly traded common stock we create through this offering.

We have not allocated a specific amount of our net proceeds from this offering to any particular purpose. The net proceeds we actually expend for the development of company-owned clinics and the acquisition of additional franchises or regional developer licenses may vary significantly depending on a number of factors, including the timing of our identification and leasing of suitable sites for company-owned clinics and, in respect of the acquisition of franchises or regional developer licenses, our ability to enter into a binding acquisition agreement on favorable terms and the negotiated purchase price. In addition, the net proceeds we actually expend for general corporate purposes may vary significantly depending on a number of factors, including future revenue growth and our cash flows. As a result, we will retain broad discretion over the allocation of the net proceeds from this offering. Pending use of the net proceeds from this offering, we intend to invest the net proceeds in short-term, investment-grade securities.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently expect to retain future earnings, if any, to finance the growth and development of our business and do not anticipate paying any cash dividends in the foreseeable future.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2014:

- on an actual basis;
- on a pro forma basis assuming (i) a dividend of shares of our common stock for each share of our common stock held as of 2014, to be effected prior to the commencement of this offering, and (ii) the conversion of 25,000 shares of Series A preferred stock into 750,000 shares of common stock, to be effected upon the completion of this offering; and
- on a pro forma as adjusted basis to reflect the sale of shares of our common stock at the assumed initial public offering price of $ per share, less estimated underwriting discounts and commissions and estimated offering expenses.

You should read this information in conjunction with the section entitled, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and the related notes appearing elsewhere in this prospectus.

	As of June 30, 2014		
	Actual	Pro Forma	As Adjusted
	(in thousands)		
Cash and cash equivalents	$ 3,261		
Capital lease obligations – net of current position	—		
Stockholders' equity:			
Series A Preferred Stock; $0.001 par value; 50,000 shares authorized; 25,000 issued and outstanding (actual) and no shares issued and outstanding (pro forma and pro forma adjusted)	—		
Common stock; $0.001 par value; 4,250,000 shares authorized (actual); [ ] shares authorized (pro forma as adjusted); 2,709,378 shares issued and outstanding (actual) and [ ] shares issued and outstanding (pro forma); and (pro forma as adjusted)	3		
Additional paid-in capital	1,577		
Treasury stock (300,000 shares at cost)	(792)		
Accumulated deficit	(2,243)		
Total stockholders' equity (deficit)	(1,455)		
Total capitalization	$ 1,806	$ —	$ —

This table excludes the following shares:

- 452,750 shares of common stock issuable as of June 30, 2014 upon the exercise of outstanding options at a weighted-average exercise price of $1.51 per share; and
- shares of common stock issuable upon exercise of warrants to be issued to the Representative of the underwriters in connection with this offering, at an exercise price per share equal to 125% of the public offering price, as described in the "Underwriting — Representative's Warrants" section of this prospectus.

DILUTION

If you invest in our stock, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock after this offering.

The net tangible book value of our common stock on June 30, 2014 was ($1.5 million) or ($0.54) per share of common stock. Net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding. Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of shares of our common stock in this offering and the net tangible book value per share of our common stock immediately afterwards. After giving effect to our sale of million shares of common stock offered by this prospectus at an assumed initial public offering price of $ per share, and after deducting the underwriting discounts, commissions and estimated offering and acquisition expenses payable by us, our pro forma net tangible book value will be $ million, or approximately $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to new investors. The following table illustrates the per share dilution:

Estimated public offering price per share		$
Net tangible book value per share as of June 30, 2014	($0.54)	
Increase in net tangible book value per share attributable to new investors		
Pro forma net tangible book value per share after this offering		
Dilution in net tangible book value per share to new investors		$

This table excludes the following shares:

- 452,750 shares of common stock issuable as of June 30, 2014 upon the exercise of outstanding options at a weighted-average exercise price of $1.51 per share; and
- shares of common stock issuable upon exercise of warrants to be issued to the Representative of the underwriters in connection with this offering, at an exercise price per share equal to 125% of the public offering price, as described in the "Underwriting — Representative's Warrants" section of this prospectus.

The following table sets forth, on a pro forma basis at June 30, 2014, the differences in the total consideration and average price per share paid by existing stockholders, and by new investors, before deducting estimated offering and acquisition expenses payable by us, using an assumed initial public offering price of $ per share.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percentage	Amount	Percentage	
Existing stockholders[1]	2,709,378	%	$ 1,000,100	%	$ .37
New investors					$
Total		100.0%	$	100.0%	

(1) See "Certain Transactions" for a discussion of the issuance of common stock to our initial stockholders. Total consideration does not include stock-based compensation which was non-cash.

If the underwriters' over-allotment option is exercised in full, the number of shares held by new public investors will be increased to or approximately % of the total number of shares of our common stock outstanding after this offering.

SELECTED FINANCIAL DATA

The following table presents our selected historical consolidated financial data and certain other financial data. The historical consolidated balance sheet data as of December 31, 2013 and 2012, and the consolidated statement of operations and consolidated statement of cash flows data for the years ended December 31, 2013 and 2012, have been derived from our historical audited consolidated financial statements, which are included in this prospectus. The consolidated balance sheet data as of June 30, 2014 and 2013 have been derived from our historical unaudited consolidated financial statements, which are included in this prospectus.

The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," and is qualified by reference to the financial statements and notes thereto appearing elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	Six Months Ended June 30,
	2013	2012	2014	2013
	(in thousands, except per share data)			
Consolidated Statement of Operations Data				
Revenues:				
Franchise and Regional Developer Fees	$ 3,279	$ 1,732	$ 1,259	$ 1,758
Royalties	1,531	536	1,362	574
Other income	1,148	517	624	501
Total revenues	5,958	2,785	3,245	2,833
Cost of Revenues	(2,006)	(1,091)	(1,115)	(1,007)
General and administrative	(3,512)	(3,042)	(2,509)	(1,722)
Other income (expense)	(32)	36	(4)	(22)
(Provision) benefit for income taxes	(252)	574	122	31
Net income (loss)	$ 156	$ (736)	$ (262)	$ 113
Earnings per share:				
Basic	$ 0.05	$ (0.25)	$ (0.10)	$ 0.04
Fully diluted	$ 0.04	$ (0.25)	$ (0.10)	$ 0.03
Non-GAAP Financial EBITDA				
Net Income	$ 156	$ (736)	$ (262)	$ 133
Interest expense	—	—	—	—
Depreciation and amortization expense	71	50	89	32
Tax expense (benefit) penalties and interest	274	(572)	(117)	(25)
EBITDA	$ 501	$ (1,258)	$ (290)	$ (139)

	December 31,		June 30, 2014	June 30, 2013
	2013	2012	(unaudited)	(unaudited)
	(in thousands)			
Balance Sheet Data				
Cash and cash equivalents	$ 3,517	$ 3,566	$ 3,261	$ 3,794
Property and equipment	400	230	854	208
Deferred franchise costs	3,223	3,208	3,194	3,453
Other assets	2,628	2,096	2,817	2,428
Total assets	9,768	9,100	10,126	9,883
Deferred revenue	10,008	9,949	9,823	10,463
Other liabilities	981	288	1,758	443
Total liabilities	10,989	10,237	11,581	10,906
Stockholders' deficit	(1,221)	(1,136)	(1,455)	(1,023)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations should be read in conjunction with our financial statements and their notes appearing elsewhere in this prospectus. This discussion contains forward-looking statements, the accuracy of which involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements for many reasons, including the risks faced by us described in "Risk Factors" starting on page 14 and elsewhere in the prospectus.

Overview

The Joint Corp. ("we," "our" or "us"), a Delaware corporation, was formed on March 10, 2010, for the purpose of franchising chiropractic clinics, selling regional developer rights and supporting the operations of franchised chiropractic clinics at locations throughout the United States.

The Joint Corporate Unit No. 1 LLC, an Arizona limited liability company, was formed on July 14, 2010, for the purpose of operating chiropractic centers in the state of Arizona. It operated one company-owned clinic which was sold on July 1, 2012, and all remaining balances were consolidated with The Joint as of December 31, 2013.

We seek to be the leading provider of chiropractic care in the markets we serve and to become the most recognized brand in our industry through the rapid and focused expansion of chiropractic clinics in key markets throughout North America and abroad.

Key Performance Measures. We receive both weekly and monthly performance reports from our franchised clinics which include a broad array of key performance indicators including gross revenues, real estate and clinic development activities, new patients, office visits, package sales, active members and revenue rankings among our top 40 open clinics. We believe these indicators provide us with useful data with which to measure our franchisees' performance both against benchmarks we have established and against the performance of other clinics in our system.

Key Clinic Development Trends. We expect to open an additional 92 clinics in the next twelve months, with 74 clinics to be opened under regional developer licenses and 18 clinics to be opened under direct franchise agreements.

We may encounter difficulty in finding suitable locations for our planned company-owned clinics, and our franchisees may encounter difficulty in finding suitable locations for their franchised clinics. In addition, we and our franchisees may not be able to secure the services of chiropractors who share our vision and philosophy regarding the practice of chiropractic and are therefore appropriate candidates to provide services at a Joint clinic. Our ability to take full advantage of advertising and public awareness initiatives will depend on the speed with which we can develop either company-owned or franchised clinics in clusters with sufficient density to justify the use of mass media.

Revenues

Franchise Fees. Our revenues from franchise fees are derived from the sales of franchised units which are recognized when a clinic is opened. In April of 2010, we became a registered franchisor, with the acquisition of 23 original franchises. In 2013, franchise fees recognized were $2,536,333, or 42.6% of total 2013 revenue.

Royalty Fees. We collect royalties based upon the terms of our franchise disclosure document and our franchise agreements, currently equal to 7% of gross sales from open clinics. In 2013, royalty fees were $1,531,201, or 25.7% of total revenues for 2013.

Advertising Fund Revenue. In 2013, advertising fund revenue was $216,784, or 3.6% of total revenues.

IT Related Income and Software Fees. We collect a monthly computer software fee for use of our proprietary chiropractic software, for related computer support and related internet service support. That fee is $275/month per open clinic. The combined software and supportive hardware program was made available to all clinics in April 2012. IT related revenue represents a flat fee paid by our franchisees to purchase the

clinics' computer equipment, operating software, pre-installed chiropractic system software, keycard scanner and credit card receipt printer. In 2013, combined IT related income and software fees were $762,867, or 12.8% of total revenues.

Regional Developer Fees. In 2011, we established a regional developer program to engage independent contractors to assist in developing a specified geographical region. Under this program, regional developers pay a per license fee of 25% of the applicable franchise fee to obtain the right to develop a minimum number of clinics within a specified geographic region and receive 50% of franchise fees collected upon the sale of franchises and 3% of royalties collected from open clinics in their region. No additional fees are required from regional developers in respect of clinics developed by the regional developer in excess of their minimum development obligation in the territory. Regional developer fees are recognized as revenue when we have performed substantially all initial services required by the regional developer agreement, which is generally upon the opening of each clinic. In 2013, regional developer fees were $742,875, or 12.5% of total revenues.

Cost of Revenues

Cost of Revenues. Cost of Revenues is comprised of expenses associated with sales, opening and ongoing support in respect of our clinic operators and regional developers. Specifically, cost of revenues includes franchise sales commissions, regional developer royalties and commissions and payments to contracted sales professionals. These costs are recognized upon the opening and ongoing operations of the clinics. Also included in cost of revenues are the costs of computer hardware and software sold to each franchisee owner.

For the year ended December 31, 2013, cost of revenues was $2,006,196, or 33.7% of total revenues, reflecting a decrease from 2012, in which cost of revenues was 39.2% of total revenues. Cost of revenues as a percent of revenues decreased in the first six months of 2014 to 34.3% because of increased royalty revenue due to an increase in open clinics.

Selling, General and Administrative Costs

Selling, general and administrative costs include all corporate and administrative functions that support our clinics and provide an infrastructure to facilitate our operations and future growth. Components of these costs include executive management, supervisory and staff salaries, bonuses and related taxes and employee benefits, marketing, travel, information systems, training, support center rent and related occupancy costs, and professional and consulting fees. Selling, general and administrative expenses rose in 2013 by more than $470,000 in response to our growth and the opening of 93 clinics in 2013, which represented an increase of 40 above 2012. In the first six months of 2014, we opened 41 new clinics which contributed to selling, general and administrative costs of $1,139,700. As a result of these additional clinics opening, selling, general and administrative costs as a percent of revenues increased for the first six months of 2014 to 77.3% from 59.0% for the year ended December 31, 2013.

Selling and marketing expenses consist principally of advertising and promotion, outside services, media and advertising, marketing fund expenditures and internal software costs. These costs are directed through our chief marketing officer and are paid for with the 1% marketing fee we collect from franchisees. Outside services and costs includes programs to create brand awareness and promotion in new markets for potential clinic locations. All advertising costs are expensed as incurred.

Depreciation and Amortization is computed using the straight line method over the estimated useful lives of any property and equipment.

General and Administrative Costs rose in 2013 in response to our growth and the opening of 93 clinics in 2013, which represented an increase of 40 above 2012. In the first six months of 2014, general and administrative costs rose to $2,050,640. This was an increase of $823,031 over the first six months of 2013 and was due to continued growth and the opening of 41 clinics in the first six months of 2014 in addition to the 93 new clinics opened for fiscal year 2013 and our commitment to develop a significant number of company-owned clinics in selected markets. In anticipation of this growth we have invested in the development of our senior management team which includes the addition of a Chief Marketing Officer, and the hiring of a new Chief Operating Officer and Chief Executive Officer. We are currently developing a chiropractic advisory board to assist in oversight, quality control, research and training in chiropractic and

related performance issues. We have engaged a health care focused public relations firm as well as a nationally recognized marketing agency to continue to drive revenue growth and brand awareness.

Results of Operations

Our operating results for fiscal years 2013 and 2012, and for the six months ended June 30, 2014 and June 30, 2013, expressed as a percentage of sales were as follows:

	Year Ended December 31,				Six Months Ended June 30,			
	2013	% of Rev	2012	% of Rev	2014	% of Rev	2013	% of Rev
	(in thousands) (audited)		(in thousands) (audited)		(in thousands) (unaudited)		(in thousands) (unaudited)	
Total revenues	5,958		2,785		3,245		2,833	
Total cost of revenues	2,006	33.7%	1,091	39.2%	1,115	34.4%	1,007	35.5%
Total selling, general and administrative expenses	3,512	58.9%	3,042	109.2%	2,509	77.3%	1,722	60.8%
Income (loss) from operations	$ 440	7.4%	$ (1,347)	(48.4%)	$ (379)	(11.7)%	$ 104	3.7%

Comparison of Six Months ended June 30, 2014 to Six Months ended June 30, 2013

For the six months ended June 30, 2014 and 2013, revenues were $3,244,671 and $2,832,812 respectively, an increase of $411,859, or 14.5%. The increase was due to increased royalty fee revenue of $787,691, increased software fee revenue of $116,600, increased marketing fund revenue $34,886 and increased other income of $37,215. These revenue increases were offset by decreases of $351,333 in franchise fee revenue, a decrease of $147,000 in regional developer fees and a decrease of $66,200 in IT related income. The increase in royalty fees for the period ended June 30, 2014 was due to an increase of 84 open clinics to 215 open clinics as of June 30, 2014, compared to 131 open clinics as of June 30, 2013, representing an increase of 64.1% over the total number of open clinics as of June 30, 2013. The increased clinic base generated significantly more sales upon which the royalty fee is calculated. Franchise fees are recognized when clinics are opened. For the six months ended June 30, 2014 and June 30, 2013, 41 and 52 new clinics opened respectively.

For the six months ended June 30, 2014 and 2013, the cost of revenues was 34.4% and 35.5%, respectively as a percentage of total revenues. The total cost of revenues increased by $107,764 due to an increase in the regional developer royalties of $285,662 or 155.0% higher than the six months ended June 30, 2013. This expense increase was due to an increase in the number of open regional developer sold franchises from number of open regional developer sold franchises for the six months ended June 30 2013. This increased cost of revenues was partially offset by a decrease in regional developer and sales commissions of $210,688 due to a lower amount of regional developer clinic openings during the six months ended June 30, 2014 as compared to the six months ended June 30, 2013.

Selling and general administrative expenses increased $730,775, or 43.2% to $2,420,662 for the six months ended June 30, 2014 from $1,689,887 reported for the comparable period in 2013. As a percentage of sales, selling and general administrative expenses increased to 74.6% for the six months ended June 30, 2014 from 59.7% for the same period in 2013. Selling and marketing expenses decreased $92,256, or 20.0%, to $370,022 for the six months ended June 30, 2014 from $462,278 for the six months ended June 30, 2013. Direct selling expenses are comprised of media and promotion costs, advertising, software development and related travel costs. The decrease in direct selling expenses is attributable to a change in marketing strategy in 2014 to focus attention on the development of new marketing plans to be launched in the second half of 2014. General administrative expenses increased $823,031 or 67.0% to $2,050,640 for the six months ended June 30, 2014 from $1,227,609 reported for six months ended June 30, 2013. The expense increase is due to a $558,079 increase in employment expense which includes salaries and wages, stock based compensation, executive relocation costs, health insurance expense and payroll tax expense, a $137,430 increase in professional fees expense for legal and accounting services, a $55,500 increase in director's fees and an increase of $30,727 in computer and internet expenses. Depreciation expense for the six months ended

June 30, 2014, and June 30, 2013, was $88,885 and $31,511 respectively, an increase of $57,374 or 182%. The increase was due to the fixed assets additions of $542,673 for relocation and expansion of the corporate office, related tenant improvement expenses, software enhancements and website development expenses subsequent to June 30, 2013.

Other expense was $3,800 and $22,000 for the six months ended June 30, 2014, and 2013, respectively. Income tax benefits for the six months ended June 30, 2014, and June 30, 2013, was $121,523 and $30,667 respectively.

Comparison of Year Ended December 31, 2013 to Year Ended December 31, 2012

For the years ended December 31, 2013, and 2012, we reported revenues of $5,958,067 and $2,784,942, an increase of $3,173,125, or 113.9%. The increase is attributable to increases of $1,197,000 in franchise fees, $994,965 in royalty fees, $406,817 in IT related income and software fees, $350,125 in regional developer charges, $161,648 in advertising fund revenue and $122,692 in merchant fee rebates for promotional marketing and credit card processing, partially offset by a decrease of $60,122 of clinic revenue.

For the years ended December 31, 2013, and 2012, we reported cost of revenues of $2,006,196 and $1,090,533, an increase of $915,663, or 84%. As a percentage of revenues, cost of revenues decreased to 33.7% for the year ended December 31, 2013, from 39.2% for the same period in 2012. The decrease is attributable to the mix of revenues and cost of revenues. With the increased number of clinics in 2013 the royalty fees earned in 2013 increased $944,965 over the prior year. For the year ended December 31, 2013, and 2012, we reported clinic openings of 93 and 53 respectively, an increase of 40, or 75.5%.

For the years ended December 31, 2013, and 2012, we reported selling and general administrative expenses of $3,512,082 and $3,041,550 an increase of $470,532, or 15.5%. As a percentage of revenue, selling and general administrative expenses decreased to 58.9% for the year ended December 31, 2013, from 109.2% for the year ended December 31, 2012. Selling and marketing expenses increased $32,341, or 4.3%, to $781,256 for the year ended December 31, 2013, from $748,915 reported for the year ended December 31, 2012. Direct selling expenses are comprised of media and promotion costs, advertising, software development and related travel costs. This increase in direct selling expenses is attributable to our addition of new franchise stores from a year ago. General administrative expenses increased $417,280 or 18.6%, to $2,680,101 for the year ended December 31, 2013, from $2,242,821 reported for the year ended December 31, 2012. The increase is attributable to $477,361 in increases in salaries and benefits, $83,695 for occupancy and related costs and $20,285 for miscellaneous expenses, partially offset by decreases of $164,061 in office expenses, professional fees, insurance and clinic expenses (we sold the company clinic as of June 2013). Depreciation expense for the year ended December 31, 2013, was $70,725 compared to depreciation of $49,814 for the year ended December 31, 2012. The $20,911 increase in depreciation was primarily due to the additional assets added in 2013 for software development for our franchisees.

Other income (expense) totaled $(32,000) and $36,318 for the years ended December 31, 2013, and 2012, respectively.

For the year ended December 31, 2013, and 2012, we recorded income tax benefit of approximately $252,154 and $574,528, respectively.

Liquidity and Capital Resources

We will finance our operations primarily with the capital raised through sales of our common equity securities in connection with this offering. As of June 30, 2014, we had cash and cash equivalents of $3,260,666.

We expect to devote substantial resources to acquiring additional companies. Although we anticipate that the proceeds of this offering, together with our current cash and cash equivalents and cash flows will be sufficient to fund our activities for the next twelve months and the foreseeable future, we cannot assure you that we will not require additional financing within this time period or that additional funding, if needed, will be available on terms acceptable to us or at all. In addition, although there are no present understandings, commitments or agreements with respect to any acquisition of other businesses, products or technologies, we

intend to actively seek and attempt to complete the acquisition of other businesses. If we are unable to raise additional equity or debt financing, if and when needed, we could be forced to significantly curtail our operations.

At June 30, 2014, we had an accumulated deficit of $2,242,607. Current assets of $5,825,390 exceeded current liabilities of $4,216,747 by $1,608,643. Historically, we have financed our business through cash generated from ongoing operations.

At December 31, 2013, we had an accumulated deficit of $1,980,961. Liquid assets at December 31, 2013 consisted primarily of cash and cash equivalents of $3,516,750. Current assets of $5,660,799 exceeded current liabilities of $3,589,459 by $2,071,340.

Cash Flows

Cash Flow for Six Months Ended June 30, 2014

Cash decreased $256,084 to $3,260,666 at June 30, 2014, as compared to $3,516,750 at December 31, 2013, which results from the following:

Net Loss	$ (261,646)
Adjustments to reconcile net income to net cash	20,219
Changes in operating assets and liabilities	515,245
Net cash provided by operating activities	273,818
Net cash used in investing activities	(529,902)
Net cash provided by financing activities	—
Net decrease in cash	$ (256,084)

Net cash provided by operating activities for the six months ended June 30, 2014 was $273,818 comprised of noncash reconciling adjustments of $20,219 and changes in operating assets and liabilities of $515,245 partially offset by a net loss of $261,646. Noncash reconciling adjustments includes an increase in stock based compensation expense of $27,922 and depreciation and amortization of $88,885.

The $515,245 increase in cash in operating assets and liabilities is primarily attributable to cash received and recorded as a deferred tenant allowance for $541,962, a decrease in accounts receivable $133,543, an increase of $491,099 for accounts payable and accrued expenses and a decrease in co-op funds liability of $20,508 partially offset by a reduction in the income tax liability of $419,297, additional prepaid taxes of $63,499 and reductions in deferred revenue of $186,250 and an increase in restricted cash of $57,547.

Cash used in financing activities was due to the purchase of property and equipment as a part of the move into the new corporate office space for $542,673 partially offset by payments received on the outstanding long-term notes receivable for $12,771.

Cash Flow for Fiscal Year 2013 compared to Fiscal Year 2012

Cash decreased $48,842 to $3,516,750 at December 31, 2013, as compared to $3,565,592 at December 31, 2012, which results from the following:

Net Income	$ 155,635
Adjustments to reconcile net income to net cash	(487,126)
Changes in operating assets and liabilities	753,708
Net cash provided by operating activities	422,217
Net cash used in investing activities	(231,059)
Net cash used in financing activities	(240,000)
Net decrease in cash	$ (48,842)

Cash provided by our operating activities for the year ended December 31, 2013 was $422,217 resulting from net income of $155,635 and cash increases in operating assets and liabilities of $753,708, partially offset

by noncash reconciling adjustments of $487,126. Noncash reconciling adjustments include accrued interest on notes receivable of $5,551 and deferred income taxes of $552,300 partially offset by depreciation and amortization of $70,725.

The $753,708 increase in cash from operating assets and liabilities is primarily attributable to an decrease in restricted cash of $17,290, prepaid income taxes of $300,000, prepaid expenses and other current assets of $47,069, decreases in accounts payable and accrued expenses of $125,394, co-op funds liability of $9,359, payroll liabilities of $58,046, deferred revenue of $59,167, income taxes payable of $419,297, and other liabilities of $108,029 partially offset by an increase in accounts receivable of $287,757, deferred franchise costs of $14,850, deposits and other assets of $60,686, and a decrease in marketing fund deferred revenue of $26,650.

Cash used in investing activities of $231,059 was the result of the purchase of equipment for $241,412, offset by payments received from notes receivable of $10,353. Cash used in financing activities was $240,000, and is comprised of the purchase of treasury stock of $240,000.

Net cash provided by operating activities decreased $1,753,720, or 81% to $422,217 for the year ended December 31, 2013, from $2,175,937 for the comparable period in 2012. This decrease in net cash provided from operating activities, is comprised of an increase in operating assets and liabilities of $2,684,810 offset by a decreases in non-cash reconciling adjustments of $39,160 and net loss of $891,930 for the year ended December 31, 2013, as compared to 2012.

Deferred revenue and deferred costs decreased from 2012 to 2013 due to the two underlying factors affecting our business: sales of franchises and opening of clinics. In fiscal 2013 we opened 93 clinics. Opening of clinics is a non-cash transaction. In fiscal 2013 we sold 98 franchises. The sale of franchises is a cash transaction. In fiscal 2013 we realized more revenue from clinic openings than we added through sales, resulting in a net decrease in deferred revenue and deferred cost balances at year-end.

Net cash used in financing activities increased $240,000, or 100% for the year ended December 31, 2013, from $0 for the comparable period in 2012. This increase is comprised of a $240,000 increase in the purchase of treasury stock.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) which provides guidance on how companies recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which we expect to be entitled in exchange for those goods or services. We are in the process of evaluating the impact of this pronouncement.

Potential Fluctuations in Quarterly Results

Our quarterly operating results may fluctuate significantly as a result of a variety of factors, including the timing of new clinic openings, markets in which they are contained and related expenses, general economic conditions, consumer confidence in the economy, consumer preferences, and competitive factors.

Contractual Obligations and Risk

The following table summarizes our contractual obligations at December 31, 2013, and the effect that such obligations are expected to have on our liquidity and cash flows in future periods:

Contractual Obligation	2014	2015	2016	2017	2018	2019 & Beyond	Other	Total
Operating lease obligations	116,000	235,000	250,000	255,000	260,000	154,000	—	1,270,000
Uncertain tax positions [(1)]	—	—	—	—	—	—	204,300	204,300
Total	116,000	235,000	250,000	255,000	260,000	154,000	1,474,300	1,474,300

(1) Unrecognized tax benefits, as shown in “Other,” have been recorded as liabilities, And we are uncertain as to if or when such amounts may be settled.

Quantitative and Qualitative Disclosures about Market Risk

Our market risk exposures are related to our cash, cash equivalents and investments. We invest our excess cash in liquid short-term investments with a maturity of less than one year. We anticipate investing our

net proceeds from this offering in similar investment grade and highly liquid investments. These investments are not held for trading or other speculative purposes. Changes in interest rates affect the investment income we earn on our investments and, therefore, impact our cash flows and results of operations.

All of our transactions are conducted, and our accounts are denominated, in United States dollars. Accordingly, we are not exposed to foreign currency risk.

Critical Accounting Policies and Estimates

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses. Our estimates are based on assumptions we believe are reasonable under the circumstances. We will evaluate our estimates on an ongoing basis and make changes as experience develops or as we become aware of new information. Actual results may differ from these estimates.

Items subject to significant estimates and assumptions include the allowance for doubtful accounts, share-based compensation arrangements, fair value of stock options, useful lives and realizability of long-lived assets, classification of deferred revenue and deferred franchise costs and deferred tax assets and liabilities as long-term or current, uncertain tax positions and realizability of deferred tax assets.

The allowance for doubtful accounts is based on management's assessment of the collectability of accounts receivable. Although not historically a large area for us, we did establish an allowance for doubtful accounts of $40,000 as of June 30, 2014.

The useful lives and realizability of long lived assets is not expected to have a high degree of susceptibility to change.

Share-based compensation expense is based upon a variety inputs including the value of our stock, which as a private company is highly subjective and subject to significant change, estimates of volatility, currently based on comparable companies, the selection of which is subjective. Estimated life of options and forfeitures are also subjective and may impact expense in the future. Most of these subjective estimates will impact the value of future grants.

The classification of deferred revenue and deferred franchise costs as current or long-term is based on the production schedule and our ability to adhere to it. Although not impacting our overall financial position, classification does impact our current ratio.

The realizability of deferred tax assets and determination of whether an allowance is necessary is based on our assessment of the probability and timing of the reversal of the deferred tax asset, prospects for book and tax income and the potential to carry back net operating losses if needed. It is our assessment that our assessment of the realizability of deferred tax assets and determination regarding allowances will not change in the forseeable future.

Principles of Consolidation

Our consolidated financial statements include the accounts of The Joint Corp. and its wholly-owned subsidiary, The Joint Corporate Unit No. 1, LLC. All significant intercompany accounts and transactions between The Joint Corp. and its subsidiary have been eliminated in consolidation.

Concentrations of Credit Risk

We grant credit in the normal course of business to franchisees related to the collection of initial franchise fees, royalties and other operating revenues. We periodically perform credit analysis and monitor the financial condition of the franchisees to reduce credit risk. As of December 31, 2013, and 2012, one customer and two customers, respectively, represented 15% and 54% of outstanding accounts receivable.

Accounts Receivable

Accounts receivable represent amounts due from franchisees for royalty fees and marketing and advertising expenses. We consider a reserve for doubtful accounts based on the creditworthiness of the franchisee. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the

allowance at a level considered adequate to cover future losses. The allowance is our best estimate of uncollectible amounts and is determined based on specific identification and historical performance that are tracked by us on an ongoing basis. The losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. We determined that an allowance for doubtful accounts was not necessary for the twelve months ended December 31, 2013, and 2012. For the six months ended June 30, 2014, we established an allowance for one account in the amount of $42,039.

Deferred Franchise Costs

Deferred franchise costs represent commissions that are earned in conjunction with the sale of a franchise, and are expensed when the respective revenue is recognized, which is generally upon the opening of a clinic.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in other income.

Software Developed

We capitalize most software development costs. These capitalized costs are primarily related to proprietary software used by clinics for operations and by us for management of operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized as assets in progress until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Software developed is recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internal use software is amortized on a straight line basis over its estimated useful life, generally five years.

Long-Lived Assets

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. We look primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. No impairments of long-lived assets were recorded for the years ended December 31, 2013, and 2012, and for the six months ended June 30, 2014.

Revenue Recognition

We generate revenue through initial franchise fees, regional developer fees, transfer fees, royalties, IT related income, and computer software fees.

Initial Franchise Fees

We require the entire initial franchise fee to be paid upon execution of the franchise agreement, which has an initial term of ten years. Initial franchise fees received from a franchisee are recognized as revenue when we have performed substantially all initial services required by the franchise agreement, which is generally upon the opening of a clinic.

Regional Developer Fees

During 2011, we established a regional developer program to bring on independent contractors to assist in developing a specified geographical region or unit. Under this program, a regional developer pays a per license fee of 25% of the franchise fee to obtain the rights to develop the clinic within a specified geographical region and receives 50% of all franchise fees collected upon the sale of a franchise and 3% of all royalties collected from open clinics in their region. Any clinics developed by the regional developer over their contracted minimum in the territory, require no additional fee. Regional developer fees are recognized as revenue when we have performed substantially all initial services required by the regional developer agreement, which is generally upon the opening of each clinic.

Royalties

We collect royalties, as stipulated in the franchise agreement, equal to 7% of gross sales and a marketing and advertising fee of 1% of gross sales. Certain franchisees with franchise agreements acquired during our formation pay a monthly flat fee. Royalties are recognized as revenue when earned.

Income Taxes

We account for income taxes in accordance with the Accounting Standards Codification that requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

We account for uncertainty in income taxes by recognizing the tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. We measure the tax benefits and expenses recognized in the consolidated financial statements from a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution.

Earnings (Loss) per Common Share

Basic earnings (loss) per common share include no dilution and are computed by dividing the net earnings (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per common share is computed by giving effect to all potentially dilutive common shares including preferred stock, restricted stock and stock options. Basic and diluted earnings per share for the year ended December 31, 2012, and the six months ended June 30, 2014, were the same as the impact of all potentially dilutive securities outstanding was anti-dilutive. Diluted earnings per share for the year ended December 31, 2013, included the effect of 750,000 shares of common stock issuable upon conversion of the preferred stock and 300,000 shares of common stock issuable upon exercise of a stock option. Diluted earnings per share for the six months ended June 30, 2013, included the effect of 750,000 shares of common stock issuable upon conversion of the preferred stock.

BUSINESS

Our Company

We are the largest franchisor of chiropractic clinics that operate on a non-insurance, cash-based model in the United States. We seek to be the leading provider of chiropractic care in the markets we serve and to become the most recognized brand in our industry through the rapid and focused expansion of chiropractic clinics in key markets throughout North America and abroad. Our mission is to improve quality of life through routine chiropractic care. We strive to accomplish this by making quality care readily available and affordable. We have created a growing network of modern, consumer-friendly chiropractic clinics operated by franchisees that employ only licensed chiropractors. We have priced our services below most competitors' pricing for similar services and below most insurance co-payment levels (i.e., below the patient co-payment required for an insurance-covered service).

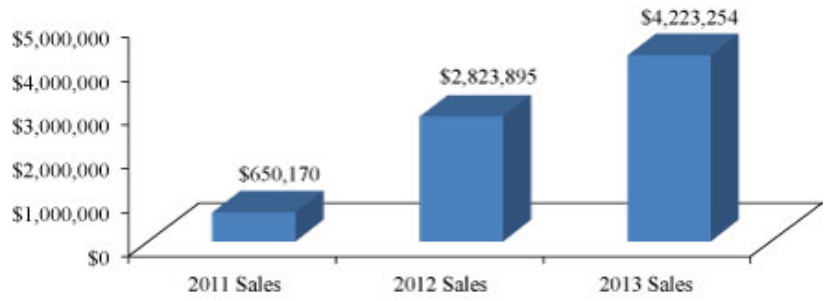
Since acquiring the predecessor to our company in March, 2010, we have grown our enterprise from eight to 215 franchised clinics in operation as of June 30, 2014, with another 250 franchises granted through our network of regional developers and independent franchise operators. In the six months ended June 30, 2014, our franchised clinics registered 948,304 patient visits and generated system-wide revenues of $19,773,084, which refers to the aggregate revenues of our franchisees. We receive a royalty of 7.0% of gross revenues from franchised clinics and 4.0% of gross revenues from clinics franchised through regional developers. We also collect a national marketing fee of 1% of gross revenues of all franchised clinics. We receive a franchise of $29,000 for franchises we sell directly and a franchise fee of $14,500 for franchises sold through regional developers.

All 215 Joint clinics open as of June 30, 2014, are operated by franchisees and we do not directly own or operate any of these clinics. Of these, 40 franchises have been awarded directly by us. In addition, 175 franchises were awarded pursuant to our regional developer program in which we sold licenses to third parties to develop franchises in particular geographic areas. The 250 franchises granted in addition to our currently open clinics are in various stages of development. Of these, 83 franchises were awarded directly by us and 167 franchises were awarded pursuant to our regional developer program. Our future growth strategy will increasingly focus on opening clinics directly owned and operated by us, while continuing to grow through the sale of additional franchises.

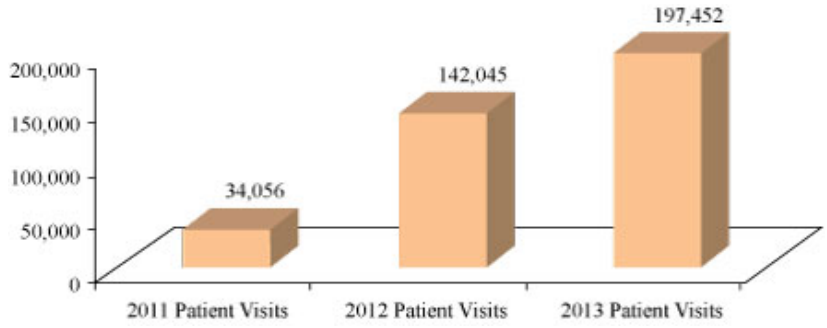
For the year ended December 31, 2013, we had net income after taxes of $155,635. For the six month period ended June 30, 2014, we had a net loss of $206,582. For the same periods, our revenue as a percentage of franchisees' revenue was 27% and 13%, respectively.

Over the past three years, our franchisees have achieved sustained increases in average monthly revenues and patient visits per clinic, which we believe demonstrates our ability to continue to increase revenues and to grow our brand equity. For the 14 clinics that opened in 2011, we increased sales throughout our system from $650,170 in 2011 to $2,823,895 in 2012, and to $4,223,254 in 2013, and increased patient visits from 34,056 in 2011 to 142,045 in 2012 and to 197,452 in 2013.

Sales — Clinics Opened in 2011



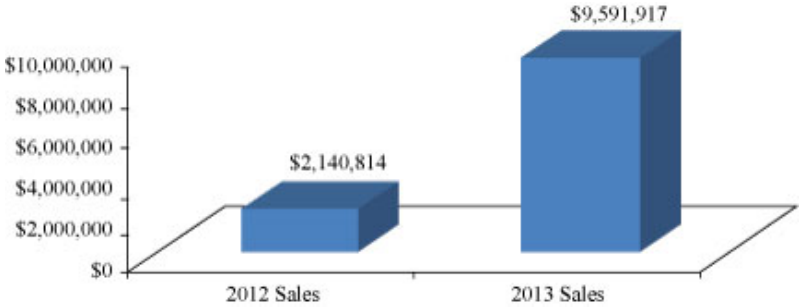
Patient Visits[1] — Clinics Opened in 2011



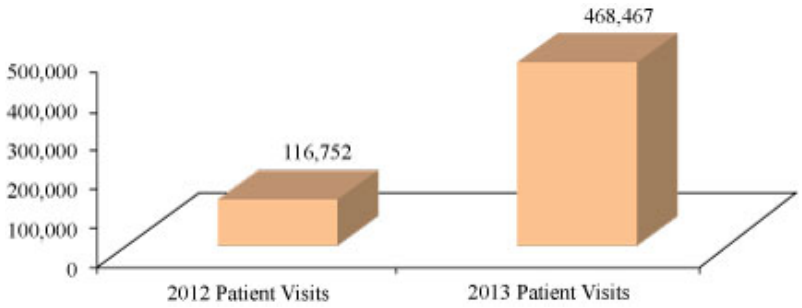
(1) Includes repeat visits and does not indicate total number of patients.

For the 53 clinics that opened in 2012, we increased sales from $2,140,814 in 2012 to $9,591,917 in 2013, and increased patient visits from 116,752 in 2012 to 468,467 in 2013.

Sales — Clinics Opened in 2012



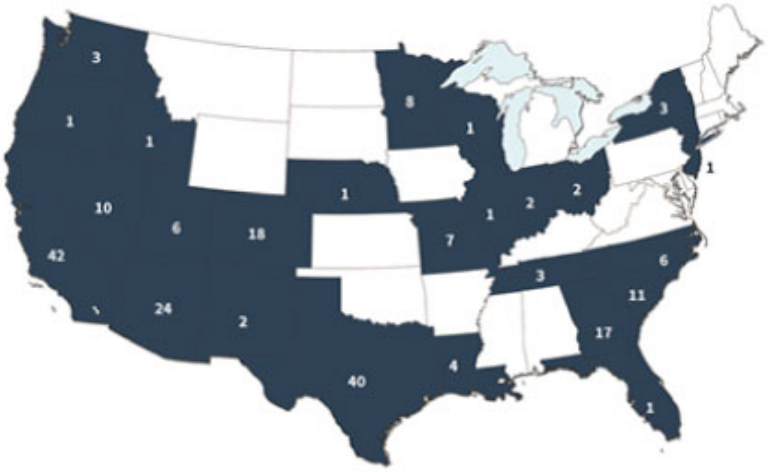
Patient Visits[1] — Clinics Opened in 2012



(1) Includes repeat visits and does not indicate total number of patients.

As part of our branding strategy, we deliver convenient, appointment-free chiropractic adjustments in a casual, inviting, consumer-oriented environment at prices that are between 56% and 70% lower than the average cost for comparable procedures offered by traditional chiropractors, according to *First Research*. To increase convenience and value for our patients, our clinics offer a variety of customizable membership and wellness plans which feature discounted pricing even as compared with our single-visit pricing schedules. These flexible plans are designed to attract patients and encourage repeat visits and routine usage.

As of June 30, 2014, we have 215 franchised clinics in operation in 25 states. The map below shows the states in which our franchisees operate clinics and the number of clinics open in each state as of June 30, 2014.



Our locations have been selected to be visible, accessible and convenient. We offer a welcoming, consumer-friendly experience that attempts to redefine the chiropractic doctor/patient relationship. Our clinics are open longer hours than most of our competitors and our patients do not need appointments. We operate a "cash" business. We do not accept insurance and do not provide Medicare covered services. We believe that our approach, especially our commitment to affordable pricing and our ready service delivery model, will attract existing consumers of chiropractic services and will also appeal to the growing market of consumers who seek alternative or non-invasive wellness care.

Patients

We appeal to a broad demographic group. Our patients come from a cross section of 20 different demographic categories with significant variation in age, income, employment and lifestyle. Our top five demographic/psychographic categories (using Pitney Bowes' "Personix" profiles) are as follows:

Personix Profile	Median Age	Income Range	Occupation
Collegiate Crowd	21	$15 – 20K	Student/Manager/Clerical
Career Building	26	$50 – 75K	Professional/Technical
Savvy Singles	37	$50 – 100K	Professional/Technical
Solid Single Parent	43	$50 – 75K	Professional/Technical
Career-Centered Singles	54	$75 – 100K	Professional/Managerial

Services

We offer convenient, appointment-free chiropractic adjustments in a casual, inviting, consumer-oriented environment. To increase convenience and value for our patients, our clinics offer a variety of membership and wellness packages which feature discounted pricing as compared with our single-visit pricing. These flexible packages are designed to attract patients and encourage repeat visits and routine usage. As an added advantage, patients who purchase memberships may receive adjustments at any Joint clinic throughout our system at no additional cost.

Our goal is to locate our clinics in highly visible retail centers. Our clinics measure, on average, approximately 1,000 – 1,200 square feet, and contain a reception area and an average of three treatment tables. A typical clinic is staffed by one receptionist/wellness coordinator and one or two chiropractic doctors. Our service delivery model, coupled with our consistent, consumer-oriented approach, has been designed to aid in

the development of brand awareness and to provide our patients with an identifiable, comfortable, upscale service experience that distinguishes us from the clinical and impersonal atmosphere often encountered at traditional chiropractic and medical offices.

Our patients arrive at our clinics without appointments at times convenient to their schedules. Once a patient has signed up, they simply swipe their membership card at a card reader at the reception desk to announce their arrival. Typically, within five to seven minutes (the average throughout our system), the patient is escorted to the non-intimidating, open adjustment area, where they are required to remove only their outerwear to receive their adjustment. The adjustment, administered by a licensed chiropractor, takes approximately 12 – 15 minutes on average for a new patient and 7 minutes on average for a returning patient. Each patient's records are automatically updated in our proprietary data storage system by our chiropractors in compliance with all applicable medical records security and privacy regulations. A typical Joint adjustment area is shown on the inside front cover of this prospectus.

Our consumer-focused service model targets the non-acute treatment market, which we believe to be the largest segment of the chiropractic services market. As our model does not focus on the treatment of severe, acute injury, we do not have the need to provide expensive and invasive diagnostic tools such as MRIs and X-rays but instead refer those who present with acute symptoms to alternate healthcare providers, including traditional chiropractors. We seek to drive patient flow to our clinics by creating brand awareness through numerous, conveniently located, highly visible clinic locations and traditional retail-oriented marketing and customer acquisition techniques. We intend to maximize our operational efficiencies, drive usage and grow brand awareness through the expansion of our presence into a national infrastructure that leverages our size and local market density.

We maintain operating standards in compliance with the highest standards in the chiropractic profession. We intend to recruit a chiropractic advisory board consisting of cross-functional specialists and opinion leaders. Collectively they would contribute to an integrated understanding of the science of chiropractic and advise us on the current state of spinal and neuromuscular research. In addition, we expect that our chiropractic advisory board will contribute to the development and improvement of our protocols and operating practices.

Franchises

All of our current clinics are operated by franchisees under franchise agreements with us. We set forth rigorous qualification criteria and training programs that adhere to strict operating standards for franchisees. We work hard to ensure that each of our franchise locations meets the same quality and patient service standards in order to preserve the consistency and reliability of our brand.

We are dedicated to providing the tools our franchisees need to succeed before, during and after a clinic opening, including assistance with site selection and development, training, operations and marketing support. Through our franchise support and development infrastructure and our rigorous screening process, we have successfully built a base of 215 franchised clinics in operation that are owned by 104 franchisees as of June 30, 2014, with an average clinic ownership of approximately two clinics per franchisee. As of June 30, 2014, a majority of our franchisees owned one clinic, while approximately 85% of franchisees owned one or two clinics. We believe this highly diversified franchisee base demonstrates the viability of our concept across numerous types of owners and operators, limits our risk and provides an attractive base of owners with capacity to grow with our brand.

We identify potential franchisees through a variety of methods, including information on our website, advertising in chiropractic journals, the use of franchise brokers and through referrals from existing franchisees.

Many of our franchisees are chiropractors. However, the majority of our franchisees are independent businesses. In states which regulate the corporate practice of chiropractic services, our non-chiropractor owned franchisees enter into management agreements typically with a chiropractor-owned professional corporation. Under such management agreements, all aspects of professional chiropractic practice are under the exclusive control of the licensed chiropractor and all non-chiropractic aspects of the operation of the clinic are managed by the franchisee. Where such arrangements are in place, the chiropractors are employees of the chiropractor-owned professional corporation and not of the franchisee.

Franchise Disclosure. The United States Federal Trade Commission and many states require a franchisor to provide a franchise disclosure document or "FDD" to all prospective franchisees. In addition, many states require a franchisor to register with a state franchise administrator before offering or selling a franchise in that state. We believe we have complied with all federal regulations regarding disclosure and with all state franchise registration requirements in the states in which we have sold, offered or are offering to sell franchises. Our FDD contains detailed information about our company's organization and history, and explains to prospective franchisees what their rights and responsibilities would be if they became our franchisee. The FDD also includes our financial statements, a copy of our standard franchise agreement and various other documents and agreements that are relevant to a prospective franchisee's decision to purchase a franchise.

Regional Developers. We have entered into 26 regional developer licenses with 15 regional developers in which we granted to regional developers the right to solicit potential franchisees in a defined territory. The fee for a regional developer license varies from territory to territory and generally depends on the number of franchises anticipated to be awarded within a particular territory. We reserve the right to approve franchisees and clinic sites identified by our regional developers. We receive 50% of our standard franchise fee for franchises awarded under regional developer licenses, and we remit a 3% royalty to our regional developers on the gross revenues of franchises awarded under their regional developer licenses.

Regional developers are typically seasoned entrepreneurs with significant investment capital. Many of our regional developers were successful franchisees or regional developers of Massage Envy, the company founded by our non-executive Chairman of the Board, John Leonesio, or owners of multiple unit franchises of other unrelated businesses. Because of their business acumen, potential regional developers typically are aware of opportunities for licenses and have approached us to begin the licensing process.

Our regional developer licenses grant an exclusive territory to our regional developers and require our regional developers to sell a minimum number of franchises within their territory and to cause the franchises to be opened within a specified time period. Regional developers are obligated also to provide training and support to franchisees. Regional developer licenses typically have a ten year duration and are renewable upon payment of a renewal fee. We may terminate regional developer licenses if the regional developer fails to meet its material obligations under the license.

We have negotiated repurchase rights in some of our regional developer licenses, pursuant to which we have the option, commencing three years from the effective date of the license, to repurchase the regional developer license pursuant to a negotiated formula.

Franchise Agreements. For each franchise clinic, we enter into a franchise agreement stipulating a standard set of terms and conditions. The initial term of a franchise agreement generally is 10 years, with one 10-year renewal option. The standard initial franchise fee for our clinics is $29,000. This initial fee is paid in full at the time the franchise agreement is signed. A franchise fee allows an owner to open a single clinic at a specific location. Our franchise agreements do not, however, typically create an exclusive territory for our franchisees outside of their specific location. Franchisees who renew their franchises after the initial term must pay us a renewal fee equal to 25% of our then-current initial franchise fee.

Under our standard franchise agreements, franchisees are also required to pay an ongoing royalty fee of 7.0% of gross revenues in order to use our registered trademarks and to benefit from corporate franchise support. Our franchisees currently contribute 1% of gross revenues to a regional and national advertising fund, and we may, under certain circumstances, raise this contribution to 2% of gross revenues.

From time to time, we may enter into amendments to our standard franchise agreements as part of various limited incentive programs targeted to improve clinic growth, accelerate development in certain markets or assist underperforming clinics, among others. These amendments may include lower royalty fees for a limited period.

We have the right to terminate our franchise agreements for a number of reasons, including insolvency or bankruptcy, failure to operate franchised clinics according to our standards, understatement of sales, failure to pay fees, or material misrepresentations on an application for a franchise.

If a franchisee is not a licensed chiropractor, we provide the franchisees with a standard form of management agreement that, depending on the laws of the state in which the franchisee is located, the franchisee may be required to enter into with a chiropractic professional corporation or professional limited liability company, pursuant to which the franchisee will provide management and administrative services to the professional corporation or limited liability company. Under this arrangement, the franchisee is prohibited from providing, supervising, directing or controlling the manner in which the licensed chiropractors who are employed by the professional corporation or limited liability company provide chiropractic services to their patients.

Franchisee Support. From the time the initial franchise agreement is executed, we offer assistance in order to ensure that our franchisees begin their Joint ownership in a manner that we believe will foster success. Although our franchisees are responsible for site selection, we provide guidance and assistance through the site searching and acquisition process, as well as in the design and construction phases.

Site Selection. Franchisees are responsible for finding their own site, with guidance and approval from us. Standard specifications involve such factors as: (i) general location/neighborhood; (ii) traffic patterns; (iii) parking; (iv) size; and (v) proximity to competing businesses. Once a franchisee completes a site submission package, which typically occurs at least 150 days prior to the execution of a lease, our real estate personnel will assess the prospective site and, if deemed appropriate, provide written approval to start negotiations for a lease of the site. Throughout this negotiation process, members of our real estate team support the franchisee.

Design and Construction. Once a site is approved, our construction management personnel provide the franchisee with construction education and design plans to ensure that the franchised location fits our standards and specifications. Once a lease is signed, we also help our franchisees in: (i) identifying and selecting qualified contractors; (ii) submitting plans for necessary permits; (iii) reviewing bids and (iv) helping to negotiate prices for design and construction. During the actual construction phase, our construction management personnel also help the franchisee in providing final punch list instructions prior to opening the clinic.

Training. We have a mandatory training program for new franchisees and their managers, crafted to provide the technical and managerial skills necessary to prepare them for their duties. Our training program consists of 12 hours of classroom training and 14 hours of on-the-job training, covering areas including (i) our operating manual; (ii) computer software; (iii) accounting; (iv) vendor relations; (v) construction specifications; (vi) staffing; (vii) new patients; (viii) adjusting techniques; (ix) communications; (x) patient education; and (xi) marketing and advertising. We equip and support our franchisees with the necessary tools to represent the brand and empower each franchisee to run a successful business that ultimately drives our operating results. In addition to the initial franchisee training, we offer support materials through our website and conduct periodic educational webinars.

System Standards and Operations Support. We have established stringent standards for franchise operations to protect and benefit the Joint brand and our franchisees. These standards are clearly and thoroughly detailed for franchisees through our operations manual, which is given to franchisees in training and amended periodically. Topics covered in our operations manual include, among other things: (i) pre-opening procedures; (ii) construction; (iii) operating guidelines; (iv) detailed daily operating procedures; (v) software and (vi) marketing guidance. We periodically provide refresher training programs, seminars and regional meetings which require the attendance and satisfactory completion by franchisees and/or their managers.

Our Industry

The chiropractic industry in the United States is large, growing and highly fragmented. The Centers for Medicare and Medicaid Services, or CMS, predicts that chiropractic services expenditures in the U.S. were $11.6 billion in 2013 and are expected to grow approximately 3% annually for the next five years. In addition, according to a January 2014 IBISWorld report, approximately $4.7 billion of the total chiropractic market comes from out-of-pocket, or cash, payments by patients. The United States Bureau of Labor Statistics expects employment in chiropractic to grow faster than the average for all occupations. Some of the factors the Bureau of Labor Statistics identified as driving this growth are healthcare cost pressures, an aging population requiring more health care and technological advances that are expected to shift services from inpatient facilities and hospitals to outpatient settings. We believe that the demand for chiropractic services

will continue to grow as a result of several additional drivers such as the increased awareness of the benefits of regular maintenance therapy and increasing awareness of the availability of our pricing at significant discounts to the cost of traditional chiropractic adjustments and, in most cases, below the level of insurance co-payment amounts.

Most chiropractic services are provided by sole practitioners in medical-office settings. The chiropractic industry differs from the broader healthcare services industry in that it is more heavily consumer-driven, market-responsive and price sensitive, as the result of many treatment options falling outside the bounds of traditional insurance reimbursable services and fee schedules. According to a report issued by *First Research* in March, 2014, expenditures for chiropractic services in the United States were approximately $11.6 billion in 2013, which represents less than 1% of all healthcare expenditures, and in 2013 the top 50 companies delivering chiropractic services in the United States generated less than 10% of all industry revenue. In addition, according to *Chiropractic Economics*, private sources financed 65.4% of all chiropractic expenditures, with only 17.1% of chiropractic costs financed by government programs, including Medicare and Medicaid. We believe these characteristics are evidence of an underserved market with potential consumer demand that is favorable for an efficient, low-cost, consumer-oriented provider.

Most chiropractic practices are set up to accept and to process insurance-based reimbursement. And while chiropractors typically accept cash payment in addition to insurance, Medicare and Medicaid, they continue to incur overhead expenses associated with maintaining the capability to process third-party reimbursement. We believe that most chiropractors who operate on the third-party reimbursement model would find it economically difficult to discount the prices they charge for their services to levels comparable with our pricing.

We believe that certain trends that favor our business model are present in our industry. Among these are:

- individuals are increasingly practicing active lifestyles, people are living longer, and require more medical, maintenance and preventative support;
- individuals are displaying an increasing openness to alternative, non-pharmacological types of care;
- utilization of local conveniently sited urgent-care or “mini-care” alternatives to primary care is increasing; and
- health clubs, massage and other non-drug, non-invasive wellness maintenance providers continue to grow in popularity.

Chiropractic care is widely accepted among individuals with a variety of medical conditions, particularly back pain. Between approximately 6% and 9% of the United States population regularly uses chiropractic. According to the American Chiropractic Association, 80% of Americans experience back pain at least once in their lifetime. According to Global Industry Analysts, chiropractic represents one of the most popular and cost effective alternative treatments for musculoskeletal disorders and is being used by more than 50% of American patients suffering from persistent back pain. The National Center for Complementary & Alternative Medicine of the National Institutes of Health has stated that spinal manipulation appears to benefit some people with low-back pain and also may be helpful for headaches, neck pain, upper- and lower-extremity joint conditions and whiplash-associated disorders. The Mayo Clinic has recognized chiropractic as safe when performed by trained and licensed chiropractors, and the Cleveland Clinic has stated that chiropractors are established members of the mainstream medical team.

Our Competitive Strengths

We believe the following competitive strengths have contributed significantly to our initial success and will position us for future growth:

Price and convenience. We believe that our strongest competitive advantages are our price and convenience. We offer a much less expensive alternative to traditional providers of chiropractic services by focusing on non-acute care and by not participating in insurance or Medicare reimbursement. We can do this because our clinics are not burdened with the operating expenses required to perform certain diagnostic procedures and to process reimbursement claims. Our model allows us to pass these savings on to our patients. According to *Chiropractic Economics*, the average price for a chiropractic adjustment involving

spinal manipulation in the United States is between $50 and $75. By comparison, our average price is $22, or between 56% and 70% lower than the average price.

Our service offerings, pricing and growing number of conveniently sited locations encourage consumer trial, repeat visits and sustainable patient relationships. According to a 2013 survey conducted by *Chiropractic Economics*, the average for repeat patient visits generally in the chiropractic industry is two times per month. We believe our pricing and service offering structure helps us to generate a higher usage. The following table sets forth our average price per adjustment as of June 30, 2014, for patients who purchase single adjustments, multiple adjustment packages, and memberships. Our price per adjustment averages approximately $22 across all three groups.

	The Joint Service Offering		
	Single Visit	**Package(s)**	**Membership(s)**
Price per adjustment	$29	$16 – $20	$13 – $16

We have attracted an average of between 540 and 1,056 new patients per year to our clinics between 2010 and 2014, as compared to the 2013 average of 364 new patients per year for the chiropractic industry generally.

We offer our patients the opportunity to visit our clinics without an appointment and receive prompt attention. Additionally, we offer extended hours of operation, including weekends, which is not typical among our competitors.

Retail, consumer-driven approach. We utilize strong, recognizable brand and retail approaches to stimulate awareness and drive patients to our clinics. We intend to continue to drive brand awareness through prominent signage on our clinics and through consistent, proven and highly targeted marketing initiatives. Our model provides our patients with the flexibility to see a chiropractor when they want to because we do not schedule appointments and most of our clinics maintain extended hours and offer patient care six or seven days per week.

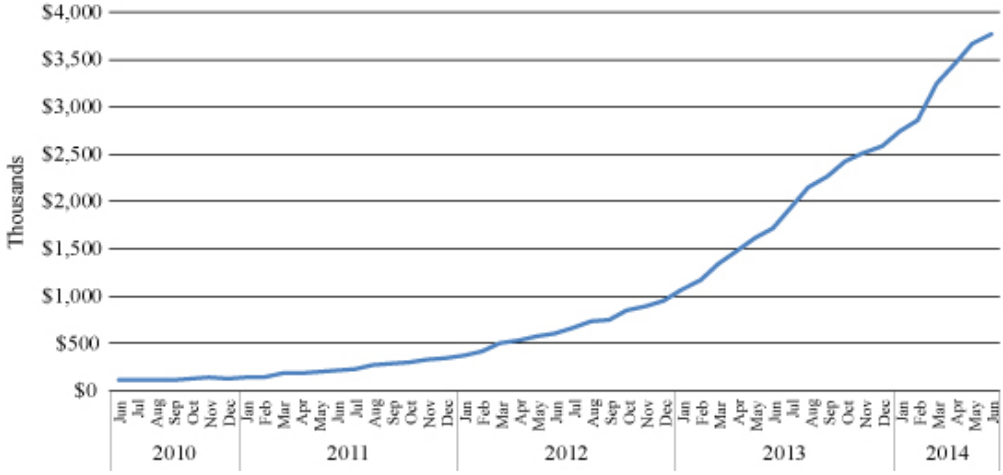
Our chiropractors can focus on patient service. We believe the time our chiropractors save by not having to attend to administrative duties related to insurance reimbursement processing allows more time to:

- see more patients,
- establish and reinforce chiropractor/patient relationships, and
- educate patients on the benefits of chiropractic maintenance therapy.

Our approach to chiropractic practices has also made us an attractive alternative for chiropractic doctors who desire to spend more time treating patients than they typically do in traditional practices, which are burdened with greater overhead, personnel, and administrative expense. We believe that our model will aid us in recruiting chiropractors who desire to focus their practice principally on patient care and to minimize the administrative burdens of traditional insurance-based practices.

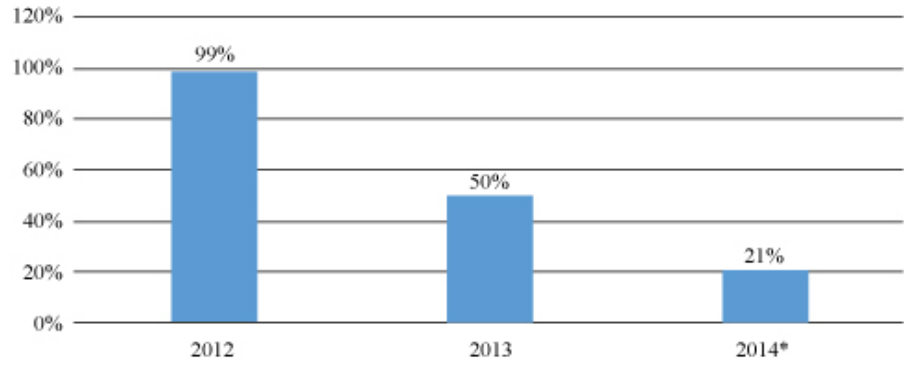
Proven track record of opening franchised clinics and achieving profitability at the clinic level. We have grown our franchised clinic revenue base every month since we acquired our predecessor in March 2010, increasing monthly sales from $113,198 in June, 2010 to $3,773,953 in June, 2014. During this period we increased the number of clinics in operation from eight to 215. During this same period, we have increased average annualized unit sales from $137,087 to $350,771.

Monthly Sales June 2010 – June 2014



Same store sales growth is a measure commonly used in the retail industry. It is important because it excludes sales growth from new locations, thus illustrating a retailer's growth capacity from existing units. Same store sales growth measures the annual sales increase for each store that has been open for at least one year. Same store sales growth for our clinics that opened in 2011 (which we refer to as age class 2011) was 99% in 2012, 50% in 2013, and 21% through June 30, 2014. The following table presents same store sales growth data for our clinics that opened in 2011, which is the only age class for which we have at least two full years of data. Although our age class 2011 clinics consist of only 14 clinics, we believe that they are representative of the same store sales growth that we expect from new clinics as they grow to maturity.

Same Store Sales Growth %



* Through June 30, 2014

We have demonstrated success in opening franchised clinics across a range of markets. While there is significant variation among our franchisees, our clinics generally require annual sales, subject to market-specific expenses, of approximately $250,000 to achieve profitability. The following table shows the performance of some of our highest performing franchisees in selected markets. We believe that the information provided below demonstrates our ability to open clinics across a range of geographies including small, medium-sized and large markets, and to grow those clinics to sustained profitability.

Market Size	Market	Region	Years in Operation	Annual Sales
	Albuquerque, NM	SW	2	$ 288,144
Small	Savannah, GA	SE	2	$ 454,584
	Greenville, SC	SE	3	$ 604,797
	Austin, TX	S	5	$ 614,640
Medium	Greensboro, NC	SE	3	$ 263,568
	Las Vegas, NV	SW	2	$ 357,096
	Phoenix, AZ	SW	3	$ 570,007
	Dallas, TX	S	2	$ 437,124
	Houston, TX	S	2	$ 565,824
Large	San Diego, CA	W	2	$ 434,880
	Los Angeles, CA	W	2	$ 420,864

Strong and proven management team. Our strategic vision and results-oriented culture are directed by our senior management team led by Chief Executive Officer John B. Richards, who previously served as president of Starbucks North America when it expanded from 500 to 3,000 units. Mr. Richards was also Chief Executive Officer of Elizabeth Arden Red Door Salons. Our senior management team is also guided by David Orwasher, who has served as our Chief Operating Officer since January 2014 and who previously served as a vice president of Starbucks, working directly with Mr. Richards during the same period. John Leonesio, the founder of Massage Envy Spa, who grew that company from inception through the opening of over 300 franchises, serves as non-executive Chairman of our Board of Directors. Mr. Leonesio was our Chief Executive Officer from the commencement of our operations through the opening of 160 clinics across 22 states. Our senior management directs a team of dedicated leaders who are focused on executing our business plan and implementing our growth strategy. Messrs. Richards, Orwasher, and Leonesio have had collective responsibility for building, opening or franchising a total of over 7,000 retail units. We believe that our management team's experience in operating, franchising, developing systems and rapidly expanding retail operations will be a key driver of our growth and will position us well for achieving our long-term strategy.

Our Growth Strategy

Our goal is not only to capture a significant share of the existing market but also to expand the market for chiropractic care. We intend to accomplish this through the rapid and focused geographic expansion of our affordable service offering by the introduction of company-owned clinics and the selected continuation of our franchising program. We propose to employ a variety of growth tactics including:

- the development of company-owned clinics;
- the opportunistic acquisition of existing franchises;
- continued clinic revenue and royalty income growth;
- the sale of additional franchises and conversion of existing chiropractic practices to our model;
- acquiring regional developer licenses; and
- improving margins and leveraging infrastructure.

Our analysis of over 300,000 patients from 173 clinics across 22 states suggests that the United States market alone can support at least 1,600 Joint clinics.

Development of company-owned clinics.

We will focus on the development of company-owned clinics as the principal strategy in our growth plan, and we intend to use a significant portion of the proceeds from this offering to pursue this strategy.

We believe we can leverage the experience we have gained in supporting our demonstrated clinic growth and our senior management's experience in rapidly and effectively growing other well-known high velocity specialty retail concepts to successfully develop and profitably operate company-owned clinics. Since commencing operations as a franchisor of chiropractic clinics, we have gained significant experience in identifying and implementing the business systems and practices that are required to profitably operate our clinics, validate our model and demonstrate proof of concept. We have developed simple, repeatable operating standards which, when applied in a disciplined approach, result in an attractive opportunity for success at the clinic level.

We believe our direct control over company-owned clinics will enable us to apply these operating standards even more effectively than in our franchised clinics. We intend to develop company-owned clinics in geographic clusters where we are able to increase efficiencies through a consolidated real estate penetration strategy, leverage cooperative advertisement and marketing and attain general corporate and administrative operating efficiencies. Our senior management has done this before, and we believe that their experience in this area readily translates to our business model.

We believe that the development process for company-owned clinics presents significant advantages as compared with growth through continued franchising. The development timeline for company-owned clinics can be as short as three months, while the development timeline for franchised clinics is generally between 9 and 12 months. While there may be material variances among franchisees in customer acquisition activities and compliance with operating standards, these key business initiatives can be uniformly defined, efficiently applied and continually measured for company-owned clinics. In addition, we believe that our revenue from company-owned and operated clinics will exceed revenue that would be generated strictly through royalty income from a purely franchise-operated system.

While we cannot predict the availability for lease of desirable locations for company-owned clinics, nor the availability of suitable chiropractors to staff our clinics, we believe that the application of a centralized process, driven by trained development and management professionals, will enable us to develop and operate company-owned clinics with greater certainty and likelihood of success than if we relied solely on growth through franchising.

We believe that our lower staffing requirements, simple layout and relatively shorter development timeline, as compared to retail industry averages, provide us with the opportunity to generate attractive returns on invested capital. See "Risk Factors — Risks Related to Our Business — Our long-term success is highly dependent on our ability to open new, primarily company-owned clinics, and is subject to many unpredictable factors."

Acquiring existing franchisees.

We believe that we can accelerate the development of, and revenue generation from, company-owned clinics through the selective acquisition of existing franchised clinics. Our management has developed a template for the acquisition of existing franchised clinics, their conversion to company-owned clinics and their integration into a company-owned clinic system. We have begun the process of developing a pipeline of existing franchisees whose clinics may be available for purchase. While we cannot predict the availability of franchised clinics for repurchase, in the event appropriately located single clinics or clusters of clinics within our system become available to purchase on economically attractive terms, we may devote a significant portion of the proceeds from this offering to the purchase of such clinics. The acquisition of existing franchises could accelerate the time required to open and stabilize company-owned clinics.

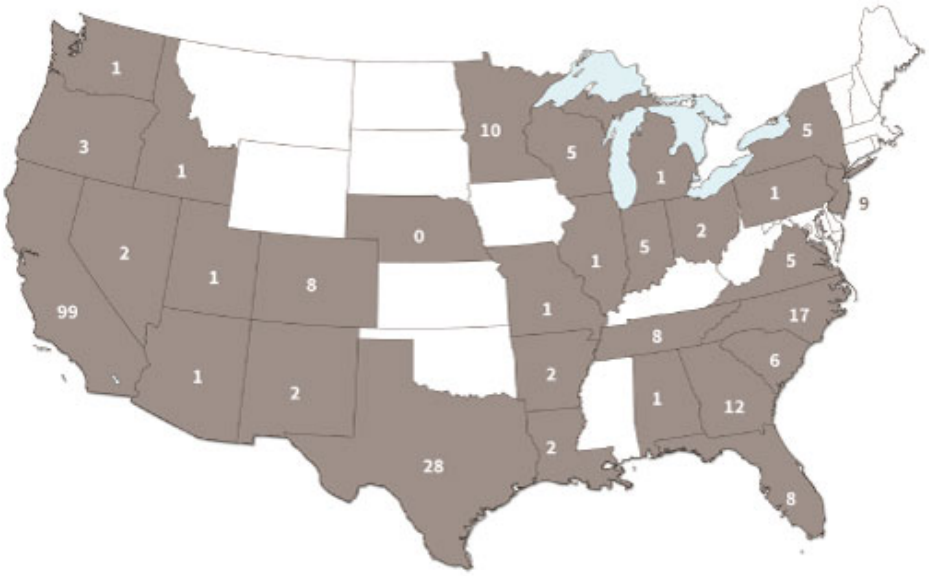
We have no present agreement regarding any specific acquisition. However, from time to time we are approached by franchisees who wish to sell their clinics.

Increasing revenues from existing franchisees.

We have a history of increasing revenues from existing franchises. Our revenues from existing franchises have increased by an average of 26% for each of the past 14 calendar quarters through June 30, 2014. We believe that the experience we have gained in developing and refining management systems, operating standards, training materials and marketing and customer acquisition activities has contributed to our system's revenue growth. Additionally, we believe that increasing awareness of our brand has also contributed to revenue growth, particularly in markets where the number and density of our clinics has made cooperative and mass media advertising attractive. We believe that our ability to leverage cooperative and general media advertising will continue to grow as the number and density of our clinics increases.

Opening clinics in development.

In addition to the 215 clinics our franchisees are currently operating, we have granted franchises either directly or through our regional developers for an additional 250 clinics that are in various stages of development. We will continue to provide support to our franchisees and regional developers to open these clinics and to achieve sustainable operating metrics as soon as possible. The following map shows the states in which we have sold 250 additional clinics pending development.



Selling additional franchises.

We intend to continue to sell franchises. We believe that, to secure leadership in our industry and to maximize opportunities in identified markets, it is important to gain brand equity and consumer awareness as rapidly as possible, consistent with a disciplined approach to opening clinics. We believe that continued sales of franchises in selected markets complements our plan to open company-owned clinics, particularly in specialized or unique operating environments, and that a growth strategy that includes both franchised and company-owned clinics has advantages over either approach by itself. These advantages include:

- increasing our availability to patients;
- accelerating our speed to market and our competitive advantages;
- enhancing our value to present franchisees who may realize benefits from clinic density and cooperative advertising;
- enhancing our desirability to potential new franchisees; and
- presenting an exit strategy to franchisees, who may view us as a potential acquirer of their franchised clinics at such time as they may choose to sell.

Reacquiring regional developer licenses.

We intend to selectively pursue the reacquisition of regional developer licenses. We negotiated repurchase rights in 15 of our 26 regional developer licenses. We have the option, beginning after the third year of the regional developer license, to repurchase the license by paying $29,000 for each open franchise and $7,250 for each franchise that has not been opened. We have begun the process of developing a pipeline of existing regional developer licensees whose area licenses may be available for purchase. We believe that by repurchasing regional developer licenses we can increase our profitability through capturing the regional developers' royalty stream from franchises within their region. In addition, to the extent that we acquire a given regional developer license, we will have fewer limitations on and less costs associated with opening or acquiring clinics within that region. We intend to use a portion of the proceeds of this offering to reacquire regional developer licenses.

Continue to improve margins and leverage infrastructure.

We believe our corporate infrastructure is positioned to support a clinic base greater than our existing footprint. As we continue to grow, we expect to drive greater efficiencies across our operations and development and marketing organizations and further leverage our technology and existing support infrastructure. We believe we will be able control corporate costs over time to enhance margins as general and administrative expenses grow at a slower rate than our clinic base and revenues. We believe we can introduce better and more visible professional marketing and patient acquisition practices that will promote brand recognition and drive revenue increases at a faster pace than marketing costs will increase. At the clinic level, we expect to drive margins and labor efficiencies through continued revenue growth as our clinic base matures and the average number of patient visits increases. In addition, we will consider introducing selected and complementary branded products such as nutraceuticals or dietary supplements and related additional services.

Regulatory Environment

HIPAA

In an effort to further combat healthcare fraud and protect patient confidentially, Congress included several anti-fraud measures in the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA created a source of funding for fraud control to coordinate federal, state and local healthcare law enforcement programs, conduct investigations, provide guidance to the healthcare industry concerning fraudulent healthcare practices, and establish a national data bank to receive and report final adverse actions. HIPAA also criminalized certain forms of health fraud against all public and private payors. Additionally, HIPAA mandates the adoption of standards regarding the exchange of healthcare information in an effort to ensure the privacy and security of electronic patient information. Sanctions for failing to comply with HIPAA include criminal penalties and civil sanctions. In February 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) was enacted. Title XIII of ARRA, the Health Information Technology for Economic and Clinical Health Act (HITECH), includes substantial Medicare and Medicaid incentives for providers to adopt electronic health records ("EHR") and grants for the development of health information exchange ("HIE"). Recognizing that HIE and EHR systems will not be implemented unless the public can be assured that the privacy and security of patient information in such systems is protected, HITECH also significantly expands the scope of the privacy and security requirements under HIPAA. Most notable are the new mandatory breach notification requirements and a heightened enforcement scheme that includes increased penalties, and which now apply to business associates as well as to covered entities. In addition to HIPAA, a number of states have adopted laws and/or regulations applicable in the use and disclosure of individually identifiable health information that can be more stringent than comparable provisions under HIPAA and HITECH.

We believe that our operations substantially comply with applicable standards for privacy and security of protected healthcare information. We cannot predict what negative effect, if any, HIPAA/HITECH or any applicable state law or regulation will have on our business.

State regulations on corporate practice of medicine.

With the exception of franchisees that are owned by chiropractors or franchisees that are owned by non-chiropractors in states that do not regulate the corporate practice of chiropractic, our chiropractic services are provided by legal entities organized under state laws as professional corporations, or PCs. Each PC

employs or contracts with chiropractors in one or more offices. Each of the PCs is wholly owned by one or more licensed chiropractors, and we do not own any capital stock of any PC. We and our franchisees that are not owned by chiropractors enter into management services agreements with PCs to provide the PCs on an exclusive basis with all non-clinical services of the chiropractic practice. We believe we are in compliance with all applicable laws relating to the corporate practice of medicine or chiropractic.

Regulation relating to franchising

We are subject to the rules and regulations of the Federal Trade Commission and various state laws regulating the offer and sale of franchises. The Federal Trade Commission and various state laws require that we furnish an FDD containing certain information to prospective franchisees, and a number of states require registration of the FDD at least annually with state authorities. Among the information required to be disclosed in our FDD is our business experience, material litigation, all fees due to us from franchisees, a franchisee's estimated initial investment, restrictions on sources of products and services we impose on franchisees, development and operating obligations of franchisees, whether we provide financing to franchisees, our training and support obligations and other terms and conditions of our franchise agreement. We are operating under exemptions from registration in several states based on our qualifications for exemption as set forth in those states' laws. Substantive state laws regulating the franchisor-franchisee relationship presently exist in many states. We believe that our FDD, and franchising procedures comply in all material respects with both the Federal Trade Commission guidelines and all applicable state laws regulating franchising in those states in which we have offered franchises. We have not elected so sell franchises in certain states where the time and cost associated with registering our FDD in that state is not, in our judgment, justified by current demand for franchises in that state. As of June 30, 2014, we were registered to sell franchises in 25 states.

Other federal, state and local regulation

We are subject to varied federal regulations affecting the operation of our business. We are subject to the U.S. Fair Labor Standards Act, the U.S. Immigration Reform and Control Act of 1986, the Occupational Safety and Health Act and various other federal and state laws governing such matters as minimum wage requirements, overtime, fringe benefits, workplace safety and other working conditions and citizenship requirements. A significant number of our clinic service personnel are paid at rates related to the applicable minimum wage, and increases in the minimum wage could increase our labor costs. We are continuing to assess the impact of recently-adopted federal health care legislation on our health care benefit costs. Many of our smaller franchisees will qualify for exemption from the mandatory requirement to provide health insurance benefits because of their small number of employees. The imposition of any requirement that we or our franchisees provide health insurance benefits to our or their employees that are more extensive than the health insurance benefits that we currently provide to our employees or that franchisees may or may not provide, or the imposition of additional employer paid employment taxes on income earned by our employees, could have an adverse effect on our results of operations and financial position. Our distributors and suppliers also may be affected by higher minimum wage and benefit standards, which could result in higher costs for goods and services supplied to us.

We are also required to comply with the accessibility standards mandated by the U.S. Americans with Disabilities Act of 1990 and related federal and state statutes, which generally prohibits discrimination in accommodation or employment based on disability. We may in the future have to modify our clinics to provide service to or make reasonable accommodations for disabled persons. While these expenses could be material, our current expectation is that any such actions will not require us to expend substantial funds.

We are subject to extensive and varied state and local government regulation affecting the operation of our business, as are our franchisees, including regulations relating to public and occupational health and safety, sanitation, fire prevention and franchise operation. Each franchise clinic is subject to licensing and regulation by a number of governmental authorities, which include zoning, health, safety, sanitation, environmental, building and fire agencies in the jurisdiction in which the franchise is located. We require our franchisees to operate in accordance with standards and procedures designed to comply with applicable codes and regulations. However, ours or our franchisees' inability to obtain or retain health or other licenses would adversely affect operations at the impacted clinic or clinics. Although we have not experienced, and do not anticipate, any significant difficulties, delays or failures in obtaining required licenses, permits or approvals,

any such problem could delay or prevent the opening of, or adversely impact the viability of, a particular clinic. In addition, in order to develop and construct our clinics we need to comply with applicable zoning and land use regulations. Federal and state regulations have not had a material effect on our operations to date, but more stringent and varied requirements of local governmental bodies with respect to zoning and land use could delay or even prevent construction and increase development costs of new clinics.

Competition

The chiropractic industry is highly fragmented. According to *First Research's* March 2014 report, the top 50 providers of chiropractic services in the United States generate less than ten percent of industry revenue. Our competitors include the approximately 36,000 independent chiropractic offices currently open throughout the United States as well as certain multi-unit operators. We may also face competition from traditional medical practices, outpatient clinics, massage therapists and sellers of devices intended for home use to address back and joint discomfort. Our two largest multi-unit competitors are HealthSource Chiropractic, an insurance-based practice management company which currently operates 442 units and ChiroOne, which currently operates 42 units, both on a franchised basis.

We have identified two competitors who are attempting to duplicate our cash-only, low cost, appointment-free model. Based on publicly available information, these competitors operate five clinics and one clinic respectively as franchises. We anticipate that other direct competitors will join our industry as our visibility, reputation and perceived advantages become more widely known.

We believe the principal areas of competition in our industry include price, convenience, quality and consistency of services provided, comfort and accessibility of clinics and reputation.

Employees

As of June 30, 2014, we had 17 employees, all of whom were employed on a full-time basis. None of our employees are members of unions or participate in other collective bargaining arrangements.

Facilities

Our corporate headquarters are located at 16767 North Perimeter Drive, Suite 240, Scottsdale, Arizona 85260. The term of our lease for this location expires on July 31, 2019. The primary functions performed at our corporate headquarters are financial, accounting, treasury, marketing, operations, human resources, information systems support and legal. As of June 30, 2014, our franchisees operated 215 clinics across 25 states. All of our franchise locations are leased.

Legal Proceedings

We are not a party to any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information with respect to our executive officers and directors as of June 30, 2014.

Name	Age	Position
John B. Richards(1)(3)	65	Chief Executive Officer and Director
David Orwasher	58	President and Chief Operating Officer
Catherine B. Hall	52	Chief Marketing Officer
John Leonesio(2)(3)	63	Chairman of the Board and Director
William R. Fields(4)	63	Director
Ronald V. DaVella(5)	57	Director
Craig P. Colmar(1)(2)	61	Director
Steven P. Colmar(3)	58	Director
Richard Rees(6)	53	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and governance committee.

(4) To be appointed a director and a member of the compensation committee upon completion of this offering.

(5) To be appointed a director and a member of the audit committee upon completion of this offering.

(6) To resign as a director upon completion of this offering.

John B. Richards has served as a director since January 1, 2014, and became our Chief Executive Officer in July 2014. From September 2012 to January 2014, Mr. Richards was a consultant to the Joint. Mr. Richards has held a variety of leadership positions in the multi-unit retail industry. From 1987 to 1997, Mr. Richards served in a variety of capacities at Four Seasons Hotels, including executive vice president responsible for North American and European operations. From 1997 to 2001, he served as president of North American operations for Starbucks Coffee Company, during which time it expanded from 500 to 3,000 units. Mr. Richards was also Chief Executive Officer of Elizabeth Arden Red Door Salons from 2001 to 2006, and served as principal and managing director of the New England Consulting Group from 2007 to 2014. Mr. Richards serves as a member of the Board of Directors of Lifetime Fitness, Inc. (NYSE: LTM). He received a B.A. degree from Bucknell University and an M.B.A. degree from the Wharton School at the University of Pennsylvania. We believe that Mr. Richards is qualified to serve on our Board of Directors because of his education and business experience, including his experience with Starbucks Coffee Company.

David Orwasher has been our President and Chief Operating Officer since January 2014. Mr. Orwasher has significant experience in leadership positions in the retail industry. From 1995 to 2000, he was employed by Starbucks Coffee Company in various positions including vice president of development and asset management for the eastern United States. From 2001 to 2003, he served as chief development officer for Cosi, Inc., a multi-unit casual restaurant operator. From 2003 to 2007, Mr. Orwasher was president-retail for Dale and Thomas Popcorn, a division of Popcorn Indiana. From 2007 to 2010, Mr. Orwasher operated his own real estate development company which specialized in strip center and lifestyle center development. He also served as executive vice president of Medifast, Inc., an operator of multi-unit weight control centers from 2010 to 2012. From 2012 until he joined our company, Mr. Orwasher served as a strategy consultant to various companies in the retail and retail franchising industry. Mr. Orwasher received a B.A. degree from Vassar College and a J.D. degree from Pace University School of Law.

Catherine B. Hall joined us as our Chief Marketing Officer in April 2014. Ms. Hall has significant retail, digital, franchise marketing, and advertising agency experience. From 2010 until joining us, Ms. Hall was vice president of store operations, services marketing and e-commerce at PetSmart. From 2009 to 2010, she served as vice president of marketing for Advance Auto Parts, Inc. From 2004 to 2009, she held senior marketing positions at Midas International, one of the largest franchisers in the automobile services market, and at Select Comfort Corporation. Earlier, she held senior management positions at the BBDO and Leo Burnett advertising

agencies where she worked on a number of well-known consumer accounts. Ms. Hall received a B.A. degree and a M.B.A. degree from Northwestern University.

John Leonesio is one of our founders and served as our Chief Executive Officer from our founding in 2010 through 2013. Mr. Leonesio has more than 40 years' experience in the health, wellness and franchise industry. In the 1970s, Mr. Leonesio co-founded Scandinavian Health Spas, growing it from one club to 40 clubs before selling to Bally Health and Fitness in 1985. In 1990, he co-founded The Q, the Sports Club, growing it from one unit to 20 units in five years, before selling it to 24 Hour Fitness. In 2002, Mr. Leonesio founded Massage Envy, which he led from conception to a $300 million operation with more than 800 licenses awarded in six years. After selling Massage Envy in 2008, Mr. Leonesio was a franchise consultant and private investor before joining us as Chief Executive Officer in 2010. We believe that Mr. Leonesio is qualified to serve on our Board of Directors because of his business experience including his experience with Massage Envy and his experience with our company from its founding through the present.

William R. Fields will become a director upon completion of this offering. He is currently Chairman of Fields Texas Limited LLC and Four Corners Sourcing International and is a managing partner of Strategic Brands LLC. Mr. Fields has held a variety of leadership positions in the retail industry, including serving as Chairman and Chief Executive Officer of Factory 2-U Stores, Inc. from 2002 to 2003, President and Chief Executive Officer of Hudson's Bay Company from 1997 to 1999, and Chairman and Chief Executive Officer of Blockbuster Entertainment Group, a division of Viacom, Inc., from 1996 to 1997. Mr. Fields has also held numerous positions with Wal-Mart Stores, Inc., which he joined in 1971. He left Wal-Mart in March 1996 as President and Chief Executive Officer of Wal-Mart Stores Division and executive vice president of Wal-Mart Stores, Inc. During the past five years, Mr. Fields has served as a director of Lexmark International, E Cigarette International Group, Inc., Graphic Packaging Corporation (from 2005 to 2008), and Sharper Image Corporation (from 2006 to 2008). We believe that Mr. Fields is qualified to serve on our Board of Directors because of his significant experience with retail businesses including Wal-Mart Stores.

Ronald V. DaVella will become a director upon the completion of this offering. Mr. DaVella was an audit partner with Deloitte & Touche LLP from June 1989 to July 2014. Prior to becoming a partner at Deloitte & Touche, Mr. DaVella served as an audit manager and staff accountant from August 1980 to June 1989. He received a bachelor of science degree in accounting from Queens College in 1979 and a masters in business administration degree in finance from Pace University in 1985. Mr. DaVella is a certified public accountant in the State of Arizona. We believe Mr. DaVella is qualified to serve on our Board of Directors because of his significant experience in serving a variety of public and private companies including those in the retail and franchise industries. He has assisted his clients with mergers and acquisitions, operational and financial controls, internal and external reporting, financings and public offerings and filings with the SEC. Mr. DaVella's strong financial background provides our Board of Directors with financial expertise, including an understanding of financial statements, finance, capital investing strategies and accounting.

Craig P. Colmar is one of our founders and has served as a director and as our Secretary since March 2010. Mr. Colmar has been a partner at Johnson and Colmar, a law firm focusing on business, corporate finance and mergers and acquisitions for over 30 years. At Johnson and Colmar, he has represented clients in over one hundred mergers and acquisitions, ranging in size from several million dollars to over four hundred million dollars, and in numerous private and public debt and equity financings. In 1998, Mr. Colmar served as a member of the group responsible for the creation and public financing of Quanta Services, Inc., which is listed on the New York Stock Exchange; in 2006 Mr. Colmar was a co-founder and member of the group responsible for the creation and public offering of Digital Music Group, Inc., which, before its merger with Orchard Enterprises, was listed on NASDAQ; in 2007, Mr. Colmar was a co-founder and member of the group responsible for the creation and public offering of Trans-India Acquisition Corporation, a special purpose acquisition company which was listed on the American Stock Exchange and of which he served as an officer and director. Mr. Colmar received a B.A. degree in economics from Northwestern University and a J.D. degree from Northwestern University School of Law. We believe Mr. Colmar is qualified to serve on our Board of Directors because of his education and business experience including his experience in mergers and acquisitions.

Steven P. Colmar is one of our founders and has served as a director since March 2010. Since 1999, Mr. Colmar has served as president of Business Ventures Corp., a research and private equity firm. In 1998,

Mr. Colmar served as a co-founder and member of the group responsible for the creation and public financing of Quanta Services, Inc., which is listed on the New York Stock Exchange; in 2006, Mr. Colmar was a co-founder and member of the group responsible for the creation and public offering of Digital Music Group, Inc., which, before its merger with Orchard Enterprises, was listed on NASDAQ; in 2007, Mr. Colmar was a co-founder and member of the group responsible for the creation and public offering of Trans-India Acquisition Corporation, a special purpose acquisition company which was listed on the American Stock Exchange. Mr. Colmar received a B.A. degree in marketing, management and communications from the University of Tulsa. We believe that Mr. Colmar is qualified to serve on our Board of Directors because of his business experience including his experience in corporate finance.

Richard Rees is one of our founders and has served as a director since March 2010. Since 2008, Mr. Rees has been chief operating officer of Business Ventures Corp., a research and private equity firm. From 1991 to 1997, Mr. Rees was a co-founder, general partner and President of Rees-Slaymaker Broadcasting LP, which owned radio station KNNC-FM in Austin, Texas and a co-founder and president of Monarch Broadcasting, Inc., which owned radio station KENZ-FM in Salt Lake City, Utah. In 1997, Mr. Rees formed and operated Rio Bravo Entertainment, an aggregator of digital music. In 2006 Mr. Rees was co-founder and member of the group responsible for the creation and public offering of Digital Music Group, Inc., which, before its merger with Orchard Enterprises, was listed on NASDAQ; Mr. Rees served as vice president of business development for Digital Music Group until 2007. In 2007, Mr. Rees was a co-founder and member of the group responsible for the creation and public offering of Trans-India Acquisition Corporation, a special purpose acquisition company which was listed on the American Stock Exchange. We believe that Mr. Rees is qualified to serve on our Board of Directors because of his business experience, including his experience as an operator of several businesses.

Our executive officers are appointed by our Board of Directors and serve at the Board's pleasure. With the exception of Craig P. Colmar and Steven P. Colmar, who are brothers, there are no family relationships among any of our directors or executive officers.

Director Independence

We intend to list our common stock on The NASDAQ Global Market in conjunction with this offering, and accordingly, we have used the definition of "independence" of the NASDAQ Stock Market to determine whether our directors are deemed to be independent. Based on that definition, we have determined that Craig P. Colmar and Steven P. Colmar are independent and that upon becoming a director, William R. Fields will be independent.

Future Additions to Executive Management

Following completion of this offering, we plan to identify, recruit and add several persons to fill key positions in our management team as we seek to grow and develop our business. We will also seek to add substantially to our number of full-time employees, as discussed in more detail elsewhere in this prospectus. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Future Revenues and Operating Expenses."

Board Committees

We have established three standing committees of our Board of Directors: an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. Each of the committees will report to the Board of Directors as they deem appropriate, and as the Board of Directors may request. The expected composition, duties and responsibilities of these committees are set forth below. In the future, our Board of Directors may establish other committees, as it deems appropriate, to assist it with its responsibilities.

Audit Committee

The Audit Committee oversees our accounting and financial reporting processes and the integrity of our financial statements. The Audit Committee's responsibilities also include oversight of our internal accounting and financial controls, the qualifications and independence of our independent accountants, and our compliance with legal and regulatory requirements. In addition, the Audit Committee is responsible for reviewing, setting policy and evaluating the effectiveness of our processes for assessing significant risk

exposures and the measures that management has taken to minimize such risks. In carrying out these responsibilities, the Audit Committee is charged with, among other things: appointing, replacing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm; discussing with our independent registered public accounting firm their independence from management; reviewing with our independent registered public accounting firm the scope and results of their audit; approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm; discussing with management and our independent registered public accounting firm the interim and annual consolidated financial statements that we file with the SEC; reviewing periodically with our counsel and/or principal regulatory compliance officer any legal and regulatory matters that may have a material adverse effect on our financial statements, operations, compliance policies and programs; reviewing and approving procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters; reviewing and approving related person transactions; (9) annually reviewing the Audit Committee charter and the Audit Committee's performance; and handling such other matters that are specifically delegated to the Audit Committee by our Board of Directors from time to time.

Upon completion of this offering, our Audit Committee will consist of John B. Richards, Craig P. Colmar and Ronald V. DaVella. The SEC and NASDAQ rules require us to have one independent director on the Audit Committee upon the listing of our common stock on The NASDAQ Global Market and a majority of independent directors on the Committee within 90 days after the listing of our stock, with all of the members of the Audit Committee required to be independent directors no later than one year after the listing of our stock. Our Board of Directors has determined that Ronald V. DaVella meets the definition of "independent director" for purposes of serving on an audit committee under applicable SEC and NASDAQ rules but that Messrs. Richards and Colmar do not. We intend to comply with the phase-in of these independence requirements within the times specified. In addition, Mr. DaVella will initially qualify as our "audit committee financial expert," as that term is defined in the applicable SEC rules.

The written charter for our Audit Committee will be available on our corporate website at *www.thejoint.com* upon the completion of this offering. The information contained on our website is not part of this prospectus.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for developing and recommending to the Board of Directors criteria for identifying and evaluating candidates for directorships and making recommendations to the full Board regarding candidates for election or reelection to the Board of Directors at each annual stockholders' meeting. In addition, the Nominating and Governance Committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the Board of Directors concerning corporate governance matters. The Nominating and Governance Committee is also responsible for making recommendations to the full Board concerning the structure, composition and function of the Board of Directors and its committees.

Upon completion of this offering, our Nominating and Governance Committee will consist of John B. Richards, John Leonesio and Steven P. Colmar. The SEC and NASDAQ rules require us to have one independent director on the Nominating and Corporate Governance Committee and a majority of independent directors on the Nominating and Governance Committee within 90 days after the listing of our stock, with all of the members of the Nominating and Governance Committee required to be independent directors no later than one year after the listing of our stock. Our Board of Directors has determined that Mr. Colmar meets the definition of "independent director" for purposes of serving on a nominating and governance committee under applicable SEC and NASDAQ rules but that Messrs. Richards and Leonesio do not. We intend to comply with the phase-in of these independence requirements within the times specified.

The written charter for our Nominating and Governance Committee will be available on our corporate website at *www.thejoint.com* upon the completion of this offering. The information contained on our website does not constitute a part of this prospectus.

Compensation Committee

The Compensation Committee is responsible for determining the cash compensation and equity compensation of our executive officers. The Compensation Committee is responsible for, among other things: reviewing the respective salaries of our executive officers in light of our goals and objectives relevant to each officer; determining appropriate cash bonuses, if any, for our executive officers; and granting stock options and other awards under our stock option plan to our executive officers and determining the terms, conditions, restrictions and limitations of the options and awards granted.

Upon completion of this offering, our Compensation Committee will consist of William R. Fields, John Leonesio and Craig P. Colmar. The SEC and NASDAQ rules require us to have one independent director on the Compensation Committee member upon the listing of our common stock on The NASDAQ Global Market and a majority of independent directors on the Committee within 90 days after the listing of our stock, with all of the members of the Compensation Committee required to be independent directors no later than one year after the listing of our stock. Our Board of Directors has determined that Mr. Fields meets the definition of "independent director" for purposes of serving on a compensation committee under applicable SEC and NASDAQ rules but that Messrs. Leonesio and Colmar do not. We intend to comply with the phase-in of these independence requirements within the times specified.

The written charter for our Compensation Committee will be available on our corporate website at *www.thejoint.com* upon the completion of this offering. The information contained on our website does not constitute a part of this prospectus.

Risk Oversight

Our Audit Committee is responsible for overseeing our risk management process. The Audit Committee focuses on our general risk management strategy and the most significant risks facing us and ensures that appropriate risk mitigation strategies are implemented by management. The Audit Committee reports any significant issues to the Board of Directors as part of the Board of Directors's general oversight responsibility.

Our management is responsible for day-to-day risk management. This oversight includes identifying, evaluating and addressing potential risks that may exist at the enterprise, strategic, financial, operational, compliance and reporting levels.

Leadership Structure of the Board of Directors

The positions of Chairman of the Board and Chief Executive Officer are presently separated. We believe that separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman of the Board to lead the Board of Directors in its fundamental role of providing advice to and oversight of management. Our Board of Directors recognizes the time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our Chairman, particularly as the Board of Directors' oversight responsibilities continue to grow. While our bylaws and corporate governance guidelines do not require the positions of Chairman and Chief Executive Officer to be separate, our Board of Directors believes that having separate positions is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

Code of Ethics

We have adopted a general code of ethics which applies to all of our directors, executive officers and employees, and have also adopted an additional code of ethics directed to our executive officers and designated accounting personnel. Copies of these codes will be available on our corporate website *www.thejoint.com* upon completion of this offering. The information contained on our website does not constitute a part of this prospectus. We will provide copies of our codes of ethics without charge to any person upon request. Such requests should be made in writing to Investor Relations at The Joint Corp., 16767 N. Perimeter, Suite 240, Scottsdale, Arizona 85260.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table shows the total compensation paid or accrued during our last full fiscal year, which ended December 31, 2013, to our Chief Executive Officer and our Chief Operating Officer, who were our only two executive officers during the year:

Name and Principal Positions	Year	Salary	Stock Awards	Option Awards	All Other Compensation	Total
John Leonesio[1]						
Chief Executive Officer	2013	—	—	—	$ 232,833	$ 232,833
Ronald Record[2]						
Chief Operating Officer	2013	$205,000	—	—	—	$ 205,000

(1) Mr. Leonesio served as our Chief Executive Officer under contract with his business, United Club Services, LLC. During 2013, we made payments totaling $232,833 to United Club Services, LLC, of which $157,000 was paid for Mr. Leonesio's service as our Chief Executive Officer and as a member of our Board of Directors, $60,000 was paid on a pass-through basis for the services as our controller of an employee of United Club Services, LLC, and $15,833 was paid to reimburse United Club Services, LLC for Mr. Leonesio's health insurance premiums.

(2) Mr. Record resigned as Chief Operating Officer in April 2014. Under the terms of Mr. Record's separation agreement, we agreed to make a payment to him of $100,000 contingent upon the successful completion of this offering.

We entered into an employment agreement with David Orwasher in December 2013, pursuant to which Mr. Orwasher became our President and Chief Operating Office as of January 1, 2014, with a base salary of $310,000 per year. We entered into an employment term sheet with John Richards in December 2013, pursuant to which Mr. Richards became our Chief Executive Officer in July 2014, and, following completion of this offering, we will enter into an employment agreement with Mr. Richards pursuant to which he will receive a base salary of $400,000 per year. Since January 1, 2014, Mr. Richards has received consulting fees at the rate of $75,000 per year pending his full-time employment following completion of this offering. We do not have employment agreements with any other executive officers, but we have entered into an employment term sheet with Catherine B. Hall which outlines her base salary, bonus opportunity and incentive equity grants. See "Employment Agreements and Change in Control Arrangements." There were no stock options or other equity awards outstanding as of December 31, 2013.

Employment Agreements and Change in Control Arrangements

David Orwasher's employment agreement provides that, in addition to his base salary, he may earn incentive compensation of up to 50% of his base salary based on his achievement of performance objectives agreed to with our Board of Directors. In connection with his employment, Mr. Orwasher received incentive stock options for 93,750 shares at an exercise price of $2.13 per share and a restricted stock award of 93,750 shares of our common stock. Our Board of Directors determined that the fair market value of a share of our common stock on the date of the stock option grant and restricted stock award to Mr. Orwasher was $2.13 per share. 37,500 shares of Mr. Orwasher's stock options and 37,500 shares of his restricted stock award vest over a 48 month period in consecutive monthly installments beginning on the date of grant. 56,250 shares of Mr. Orwasher's stock options and 56,250 shares of his restricted stock award begin to vest upon the completion of this offering: 50% of the shares vest in equal monthly installments over the 12-month period beginning on the completion of this offering; 30% of the shares vest in equal monthly installments over the 12-month period beginning on the first anniversary of the completion of this offering; and 20% of the shares will vest in equal monthly installments over the 12-month period beginning on the second anniversary of the conclusion of this offering.

Mr. Orwasher's employment agreement provides that if his employment is terminated following a change in control for any reason other than his death, his permanent disability or "cause" (as that term is defined in the employment agreement), he will receive his base salary for a period of nine months following the date that his employment terminates and all of his unvested stock options and shares of restricted stock will

immediately vest and, in the case of his stock options, remain exercisable for a period of 90 days following the date that his employment terminates. If we participate in a "business combination" (as that term is defined in the employment agreement) in which the aggregate consideration received by us or our stockholders exceeds $30 million, then that number of Mr. Orwasher's 93,750 stock options and 93,750 restricted shares will vest such that the percentage of vested options and shares will equal the same percentage as the amount of consideration received by us or our stockholders in the business combination in excess of $30 million bears to $120 million.

In connection with our entering into the employment term sheet with Mr. Richards, he received a restricted stock award of 225,000 shares. Our Board of Directors determined the fair market value of a share of our common stock on the date of the restricted stock award to Mr. Richards was $2.13 per share. 37,500 shares of Mr. Richards' restricted stock award vest over a 48-month period in consecutive monthly installments beginning on the date of grant. 187,500 shares of Mr. Richards' restricted stock award will vest begin to vest upon the completion of this offering: 50% of the shares vest in equal monthly installments over the 12-month period beginning on the completion of this offering; 30% of the shares vest in equal monthly installments over the 12-month period beginning on the first anniversary of the completion of this offering; and 20% of the shares will vest in equal monthly installments over the 12-month period beginning on the second anniversary of the conclusion of this offering.

Mr. Richards' restricted stock agreement provides that that if his employment is terminated following a change in control for any reason other than his death, his permanent disability or "cause" (as that term is defined in the restricted stock agreement), all of his unvested shares will vest following the termination of his employment. If we participate in a "business combination" (as that term is defined in the restricted stock agreement) in which the aggregate consideration received by us or our stockholders exceeds $30 million, then that number of Mr. Richards' 225,000 restricted shares will vest such that the percentage of vested shares will equal the same percentage as the amount of consideration received by us or our stockholders in the business combination in excess of $30 million bears to $120 million.

We anticipate that the employment agreement that we will enter into with Mr. Richards upon completion of this offering will provide that he may earn incentive compensation of up to 50% of his base salary based on his achievement of performance objectives agreed to with our Board of Directors and that if his employment is terminated following a change in control for any reason other than his death, his permanent disability or "cause" (as that term is defined in the employment agreement), he will receive his base salary for a period of nine months following the date that his employment terminates.

Under our employment term sheet with Ms. Hall, she receives a base salary of $195,000 per year, with the opportunity to earn a bonus equal to 40% of her base salary. In connection with her employment, Ms. Hall received options to purchase 40,000 shares of our common stock at an exercise price per of $3.60 per share, which our Board of Directors determined was the fair market value of a share of our common stock on the date of the grant to Ms. Hall. Ms. Hall's options will vest and become immediately exercisable in the event of a change of control.

Director Compensation

Each director who is not an employee of ours will receive a fee of $36,000 per year, plus $1,000 per committee meeting attended. Each director who is an employee of ours will not receive any additional compensation for serving as director. All of our directors will be reimbursed for their reasonable out-of-pocket expenses incurred in attending meetings of the Board of Directors or any of its committees and for other expenses reasonably incurred in their capacity as directors. Each non-employee director who will be joining the Board of Directors upon the completion of this offering will be granted an option to purchase 25,000 shares of our common stock upon the director's initial election to the Board of Directors. Thereafter, all non-employee directors will be granted an option to purchase 10,000 shares of our common stock upon his or her election or re-election as a director. All options granted to directors will have an exercise price per share equal to the closing price of a share of our stock on the grant date, will vest on the first anniversary of the grant date and may be exercised at any time after they become vested (and prior to the expiration of their 10-year term). See "— 2014 Plan." Non-employee directors received directors' fees of $1,000 per month during 2013.

Compensation Plans

2014 Plan

Our Board of Directors adopted and our stockholders approved the 2014 Incentive Stock Plan (the "2014 Plan" or "plan") in May 2014 to replace our 2012 Stock Plan (the "2012 Plan"). The 2014 Plan provides for the grant of stock options, stock appreciation rights ("SARs") (either alone or in tandem with stock options), shares of restricted stock, and restricted stock units ("RSUs") (all of these types of grants collectively, "awards"). Stock options may be of two types: (i) incentive stock options ("ISOs") intended to satisfy the requirements of section 422 of the Internal Revenue Code and (ii) nonstatutory stock options (i.e., options that do not qualify for special treatment under the Internal Revenue Code). ISOs may be granted only to our employees. All of the other awards may be granted to our employees, directors and consultants.

Number of Shares of Common Stock Issuable under the 2014 Plan. The maximum total number of shares of common stock for which awards may be granted under the 2014 Plan is 550,000 shares. No person eligible for an award under the 2014 Plan may receive an award in any calendar year for more than 50,000 shares in the case of stock options and SARs and 50,000 shares in the case of shares of restricted stock and RSUs.

Administration of the 2014 Plan. The 2014 Plan is administered by a committee of our Board of Directors (the "Committee"). The Committee is required to consist of two or more directors, all of whom are (i) "non-employee" directors as defined in Rule 16b-3 under the Securities Exchange Act of 1934, (ii) "independent directors" under the applicable listing standards of The NASDAQ Global Market, and (iii) "outside directors" under §162(m) of the Internal Revenue Code. Unless the Board designates a different committee, the Compensation Committee of the Board will serve as the Committee (as long as all of the members of the Compensation Committee qualify).

Subject to the terms of the 2014 Plan, the Committee has the authority to select the eligible persons to whom awards are to be granted and to determine the time, type, number of shares, vesting, restrictions, limitations and other terms and conditions of each award.

Options and SARs. The 2014 Plan permits the award of options to purchase shares of our common stock and the award of SARs. An SAR entitles the holder to receive the appreciation in value over a specified period of the number of shares of our common stock for which the SAR is awarded. The holder of the SAR receives in settlement of the SAR an amount (either in cash or shares of our stock, or a combination of the two) equal to the excess of the fair market value of a share of our stock on the date of exercise of the SAR over the base price of the SAR, multiplied by the SAR's number of shares.

The Committee determines the exercise price of each option or SAR granted under the 2014 Plan, but the exercise price per share may not be less than the closing price of a share of our common stock on the date of grant. The term of an option or SAR may not exceed 10 years, except in the case of an ISO granted to any employee who owns 10% of the voting power of all classes of our outstanding capital stock. In that case, the term may not exceed five years and the exercise price per share must be at least 110% of the closing price of a share of our common stock on the date of grant. In addition, to the extent that the aggregate fair market value of the underlying shares of all ISOs that become exercisable by an individual for the first time in any calendar year exceeds $100,000, the options will be treated as nonstatutory stock options.

Any unvested portion of an option or SAR expires on termination of employment, except if termination is due to death, in which case the option or SAR becomes fully vested. A terminated recipient may exercise the vested portion of his or her option or SAR for the period of time stated in the award agreement. Generally, the option or SAR will remain exercisable for 30 days following termination. In no event, however, may any option or SAR be exercised later than the expiration of its term.

As of June 30, 2014, 40,000 options to purchase our common stock at a weighted average $3.60, subject to vesting and other conditions were outstanding.

Restricted Stock and RSUs. Our 2014 Plan permits the award of restricted shares and RSUs. An award of restricted shares is an award of shares of our common stock, subject to vesting requirements, restrictions on transfer and other terms and conditions as the Committee determines. An RSU award entitles the holder to

receive a payment (either in cash or shares of our stock, or a combination of the two) equal to the value of a share of our common stock at the time of payment multiplied by the number of shares subject to the award.

Option Grants to Outside Directors. Our 2014 Plan provides for the automatic grant to each non-employee director, upon his or her election or re-election as a director, of a nonstatutory stock option for 10,000 shares at an exercise price per share equal to the closing price of a share of our common stock on the grant date. These options vest in full on the first anniversary of the grant date, have a term of 10 years and may be exercised at any time after they become vested (and prior to the expiration of their 10-year term).

Transferability of Awards. Unless otherwise determined by the Committee, options, SARs, unvested restricted shares and RSU awards generally may not be transferred. After vesting, restricted shares may still remain subject to restrictions on transfer under applicable securities laws and any restrictions imposed by the award agreement.

Adjustments upon Change in Control. Our 2014 Plan provides that in the event of a change in control as defined in the plan, all outstanding unvested stock options, SARs and RSU awards will immediately vest and become exercisable and all restrictions on the shares underlying restricted stock awards will lapse.

Amendment and Termination of the 2014 Plan. Our 2014 Plan will automatically terminate in 2024, unless we terminate it sooner. In addition, our Board of Directors has the authority to amend, suspend or terminate the 2014 Plan provided it does not impair the rights of the holder of any outstanding award. Any amendment to the 2014 Plan that would materially increase the number of shares of our common stock for which awards may be granted requires the approval of our stockholders.

2012 Plan

Our Board of Directors adopted the 2012 Stock Plan (the "2012 Plan") in November 2012, and our stockholders approved the plan in December 2012. The 2012 Plan was subsequently amended and then replaced by our 2014 Plan, although the plan remains in effect for the administration of awards made prior to its replacement by the 2014 Plan. As of June 30, 2014, awards under both plans consisted, in the aggregate, of 318,750 shares of restricted stock and options to purchase 152,750 shares of our common stock at a weighted-average exercise price per share of $2.13, subject to vesting and other conditions.

Limitations on Directors' Liability and Indemnification

Our certificate of incorporation provides that our directors will not be personally liable to us or our stockholders for monetary damages for breach of their fiduciary duties as directors, except for any of the following:

- any breach of their duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- payments of dividends or approval of stock repurchases or redemptions that are prohibited by Delaware law; or
- any transaction from which the director derived an improper personal benefit.

This limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our certificate of incorporation and bylaws provide that we will indemnify our directors and officers and, in certain cases, our employees and agents to the fullest extent permitted by law. Our bylaws also permit us to secure insurance on behalf of any officer, director, employee or agent for any liability arising out of his or her actions.

We have entered into agreements to indemnify our directors and executive officers, in addition to the indemnification provided for in our certificate of incorporation and bylaws. These agreements, among other things, provide for indemnification of our directors and officers for expenses, judgments, fines, penalties and settlement amounts incurred by any such person in any action or proceeding arising out of such person's services as a director or officer or at our request.

We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers. There is no pending litigation or proceeding involving any of our directors, officers, employees or agents. We are not aware of any pending or threatened litigation or proceeding that might result in a claim for indemnification by a director, officer, employee or agent.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Our Formation and Organization

We were incorporated in Delaware on March 10, 2010. The following individuals and entities collectively acted as our co-founders and collectively received 92,000 shares of our common stock in connection with our formation:

Co-Founder	Shares
Dr. Fred Gerretzen	25,000
Charles Barnwell	330
United Club Services, LLC(1)	14,150
Todd Welker	14,150
C.H. Media(2)	5,040
The Austin Trust(3)	13,888
Craig Colmar	9,721
Richard Rees	9,721

(1) John Leonesio is the sole member of United Club Services, LLC; all of the shares subscribed for by United Club Services, LLC were subsequently transferred to LTLx2, LLC, a limited liability company of which Mr. Leonesio is the sole member.

(2) Barbara Holland is the sole proprietor of C.H. Media.

(3) Steven P. Colmar is the trustee of The Austin Trust.

Transactions Involving Certain Officers, Directors and Stockholders

Commencing on March 10, 2010, we have paid a management fee of $6,000 per month to Business Ventures Corp. Steven P. Colmar is a shareholder of Business Ventures Corp., and Steven P. Colmar and Richard Rees are officers of Business Ventures Corp. Steven P. Colmar, Richard Rees and Craig P. Colmar each have received $2,000 per month from the management fee paid to Business Ventures Corp.

On March 24, 2010, we completed the purchase of substantially all of the assets of The Joint Franchise Company, LLC in exchange for 8,000 shares of our common stock. Dr. Fred Gerretzen beneficially owned 50% of the membership interests of The Joint Franchise Company, LLC.

Craig Colmar is a partner in Johnson and Colmar, which is representing the Company in connection with this offering. We anticipate that the fees to be paid to Johnson and Colmar for its representation of the Company in this offering will be approximately $180,000. For the years ended December 31, 2013, and December 31, 2012, Johnson and Colmar received fees of $30,022 and $16,384, respectively.

Consulting Agreements

John Richards has served as a consultant to the company since January 1, 2014, when he was elected to our Board of Directors. Mr. Richards receives an annual consulting fee of $75,000. Mr. Richards will become an employee of the company upon the completion of this offering at which time his consulting arrangement and consulting fee will terminate. See “Executive Compensation.” Since resigning as our Chief Executive Officer in January, 2014, Mr. John Leonesio, who then became our non-executive Chairman of the Board of Directors, serves as a consultant to the Company and receives an annual consulting fee of $90,000. Upon completion of this offering, Mr. Leonesio’s consulting arrangement and consulting fees will terminate.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. Each indemnification agreement provides that, subject to limited exceptions, and among other things, we will indemnify the director or executive officer to the fullest extent permitted by law for claims arising in his or her capacity as our director or officer.

Procedures for Approval of Related Party Transactions

The Board of Directors has adopted a written policy requiring certain transactions with related parties to be approved in advance by the Audit Committee. For purposes of this policy, a related party includes any director or executive officer or an immediate family member of any director or executive officer. The transactions subject to review include any transaction, arrangement or relationship (or any series of similar transactions, arrangements and relationships) in which (i) we or one of our subsidiaries will be a participant, (ii) the aggregate amount involved exceeds $100,000 and (iii) a related party will have a direct or indirect interest. In reviewing proposed transactions with related parties, the Audit Committee will consider the benefits to us of the proposed transaction, the potential effect of the proposed transaction on the director's independence (if the related party is a director), and the terms of the proposed transaction and whether those terms are comparable to the terms available to an unrelated third party or to employees generally. There were no transactions during 2013 that required the Audit Committee's approval (or would have required the Audit Committee's approval if the policy had been in place at the time).

PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of our common stock as of June 30, 2014, by the following individuals or groups:

- each person or entity whom we know beneficially own more than 5% of our outstanding shares of common stock;
- each of our named executive officers and other executive officers;
- each of our directors; and
- all of our current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to the securities in question. Except as otherwise indicated, and subject to applicable community property laws in the case of married stockholders, the persons and entities named in the following table have sole voting and investment power over all of the shares of our common stock held by them. The shares of common stock issuable under a stock option or warrant that is currently exercisable or are exercisable within 60 days after June 30, 2014, are deemed to be outstanding and beneficially owned for purposes of computing the percentage ownership of the holder of the stock option or warrant but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Similarly, the shares of restricted stock that are currently vested or will vest within 60 days after June 30, 2014, are deemed to be outstanding and beneficially owned for purposes of computing the percentage ownership of the holder of the restricted stock award but are not treated as outstanding for purposes of computing the percentage ownership of any other person. Unless otherwise indicated, the address for each stockholder listed in the following table is c/o The Joint Corp., 16767 North Perimeter Drive, Suite 240, Scottsdale, Arizona 85260.

The percentage ownerships shown in the following table were determined on the basis of 2,709,378 shares of our common stock outstanding as of June 30, 2014 (including for this purpose shares of restricted stock that had vested). The table does not reflect a dividend of shares of our common stock for each share of our common stock held of record as of 2014, to be effected before the completion of this offering. The table assumes that none of the listed persons or entities will purchase any shares of our common stock in the offering.

		Percent of Shares Outstanding	
Name of Beneficial Owner	**Number of Shares Beneficially Owned**	**Before Offering**	**After Offering[1]**
Named Executive Officers, Other Executive Officers and Directors			
John Leonesio[1]	424,500	15.72%	
John B. Richards[2]	3,905	*	
David Orwasher[3]	7,801	*	
Ronald Record[4]	152,250	5.6%	
Catherine B. Hall	—	—	
Craig P. Colmar.	291,630	10.8%	
Steven P. Colmar[5]	333,330	12.35%	
Richard Rees	291,630	10.8%	
All directors and current executive officers as a group (7 persons)	1,505,046	50.09%	
5% Stockholders			
Dr. Fred Gerretzen[6]	690,000	25.56%	
Barbara Holland[7]	151,200	5.6%	
IRA f/b/o Don A Sanders, Pershing LLC as Custodian [8]	150,000	5.26%	
Don Sanders 2003 Children's Trust[9]	150,000	5.26%	
Todd Welker[10]	212,250	7.86%	

* Less than 1% of our outstanding shares of common stock.

(1) The shares shown as beneficially owned by Mr. Leonesio are held by LTLx2, LLC, a limited liability company of which Mr. Leonesio is the sole member.

(2) The shares shown as beneficially owned by Mr. Richards consist of shares of restricted stock that have vested or will vest within 60 days after June 30, 2014.

(3) The shares shown as beneficially owned by Mr. Orwasher consist of shares of restricted stock that have vested or will vest within 60 days after June 30, 2014 and shares of stock issuable under stock options that are exercisable or will become within 60 days after June 30, 2014.

(4) Mr. Record's address is 21426 North 78th Street, Scottsdale, Arizona 85255.

(5) The shares shown as beneficially owned by Mr. Colmar are held by The Austin Trust dated January 1, 2006, of which Mr. Colmar is the Trustee.

(6) The shares shown as beneficially owned by Dr. Gerretzen include 240,000 shares held by The Joint Franchise Co., LLC, a limited liability company which is wholly-owned by The Joint Interest Holder Trust, of which Dr. Gerretzen is the trustee. Dr. Gerretzen's address is 3173 Laramie Drive, Atlanta, Georgia 30339.

(7) The shares shown as beneficially owned by Ms. Holland are held by C.H. Media, of which Ms. Holland is the sole proprietor. Ms. Holland's address is 11433 North 43rd Street, Scottsdale, Arizona 85260.

(8) The stockholder's address is c/o Don Wier, Sanders Morris Harris Group, Inc., JP Morgan Chase Tower, 600 Travis, Suite 5800, Houston, Texas 77002. Donald A. Sanders directs the investments for the stockholder. The shares held are 5,000 shares of Series A Preferred Stock, which are convertible into 150,000 shares of common stock.

(9) The stockholder's address is c/o Don Wier, Sanders Morris Harris Group, Inc., JP Morgan Chase Tower, 600 Travis, Suite 5800, Houston, Texas 77002. Donald V. Wier is the trustee of the stockholder and directs the investments for the stockholder. The shares held are 5,000 shares of Series A Preferred Stock, which are convertible into 150,000 shares of common stock.

(10) Mr. Welker's address is 9431 E. Hillery Way, Scottsdale, Arizona 85260.

DESCRIPTION OF CAPITAL STOCK

Authorized and Outstanding Capital Stock

As of June 30, 2014, our authorized capital stock consisted of 4,250,000 shares of common stock, par value $0.001 per share, of which 2,709,378 are outstanding, and 50,000 shares of preferred stock, par value $0.001 per share, 25,000 of which are outstanding and convertible into 750,000 shares of our common stock. Upon completion of this offering, there will be shares of common stock outstanding held of record by stockholders and no shares of preferred stock outstanding. The following description of our capital stock is only a summary and is subject to and qualified in its entirety by our certificate of incorporation and bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part, and by the applicable provisions of Delaware law.

Common Stock

Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders, including the election of directors. Such holders are not entitled to vote cumulatively for the election of directors. Holders of a majority of the shares of common stock may elect all of the directors standing for election. Subject to preferences that may be applicable to any outstanding preferred stock, common stockholders are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Board of Directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding, the common stockholders are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. Common stockholders have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

We have never declared or paid any cash dividends on our capital stock. We currently expect to retain future earnings, if any, to finance the growth and development of our business and do not anticipate paying any cash dividends in the foreseeable future.

Preferred Stock

The Board of Directors is authorized, without action by the stockholders, to designate and issue preferred stock in one or more series and to designate the powers, preferences and rights of each series, which may be greater than the rights of common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock upon the rights of holders of common stock until the Board of Directors determines the specific rights of the holders of such preferred stock. However the effects might include, among other things:

- impairing the dividend rights of the common stock;
- diluting the voting power of the common stock;
- impairing the liquidation rights of the common stock; and
- delaying or preventing a change in our control without further action by the stockholders.

Our certificate of incorporation, as amended, authorizes the issuance of 50,000 shares of preferred stock, of which, 25,000 shares, designated as “Series A Preferred Stock,” are issued and outstanding. The Board of Directors approved a certificate of designations, preferences and rights of our Series A Preferred Stock, which specifies that the Series A Preferred stock shall rank senior to our common stock, shall have a liquidation preference ahead of our common stock, shall be convertible at the option of holders of Series A Preferred Stock, into our common stock at a conversion price of $40.00 per share (subject to adjustment), shall have anti-dilution protection, shall have voting rights on all matters on an “as-converted” basis, shall have the right to receive dividends on an “as converted” basis, shall have preemptive rights to purchase additional securities issued by us, and shall have specific class voting rights with respect to certain corporate actions. As of June 30, 2014, each share of our Series A Preferred Stock is convertible into 30 shares of our common stock. All holders of our preferred stock have elected to convert their preferred stock into common stock upon completion of this offering.

Options and Restricted Stock

As of June 30, 2014, (i) options to purchase a total of 112,750 shares of our common stock were outstanding under our 2012 Plan, (ii) options to purchase a total of 40,000 shares of our common stock were outstanding under our 2014 Plan, (iii) options to purchase 300,000 shares of our common stock currently held in treasury were granted pursuant to a contractual arrangement, and (iv) 318,750 shares of restricted stock were awarded under our 2012 Plan. No additional options or other awards will be granted under our 2012 Plan, which has been replaced by our 2014 Plan. As of June 30, 2014, 78,500 shares of our common stock were available for issuance under our 2014 Stock Plan.

Representative's Warrants

As of June 30, 2014, no warrants to purchase shares of common stock were outstanding. Upon completion of this offering, the Representative will receive warrants for the purchase of shares of our common stock. Please refer to the section entitled "Underwriting — Representative's Warrant."

Registration Rights

The Representative will be entitled to "piggy-back" and demand registration rights in connection with the warrants described above, provided that such demand registration rights will expire after four years from the date of effectiveness in compliance with FINRA Rule 5110(f)(2)(G)(iv). The piggy-back registration right provided will expire after six years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(G)(v). We will bear all fees and expenses attendant to registering the securities issuable on exercise of the warrant, other than underwriting commissions incurred and payable by the holder. For a further description of these rights, please refer to the section entitled "Underwriting — Representative's Warrant."

Anti-Takeover Provisions

Certain provisions of Delaware law and our certificate of incorporation and bylaws could make the following more difficult:

- the acquisition of us by means of a tender offer;
- acquisition of control of us by means of a proxy contest or otherwise; and
- the removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids, and are designed to encourage persons seeking to acquire control of us to negotiate with our Board of Directors. We believe that the benefits of increased protection against an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging such proposals. Among other things, negotiation of such proposals could result in an improvement of their terms.

Delaware Anti-Takeover Law. We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless the "business combination" or the transaction in which the person became an interested stockholder is approved by our Board of Directors in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own, 15% or more of a corporation's voting stock. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the Board of Directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Stockholder Meetings. Under our bylaws, only the Board of Directors, the Chairman of the Board, the Chief Executive Officer and the President may call special meetings of stockholders.

No Cumulative Voting. Our certificate of incorporation and bylaws do not provide for cumulative voting in the election of directors.

Undesignated Preferred Stock. The authorization of undesignated preferred stock makes it possible for the Board of Directors without stockholder approval to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to obtain control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of us.

Amendment of Provisions in the Certificate of Incorporation. The certificate of incorporation will generally require the affirmative vote of the holders of at least two-thirds of the outstanding voting stock in order to amend any provisions of the certificate of incorporation concerning:

- the required vote to amend the certificate of incorporation;
- management of the business by the Board of Directors;
- calling of a special meeting of stockholders;
- number of directors and structure of the Board of Directors;
- removal and appointment of directors;
- director nominations by stockholders;
- personal liability of directors to us and our stockholders; and
- indemnification of our directors, officers, employees and agents.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Continental Stock Transfer & Trust Company. The telephone number of Continental Stock Transfer & Trust Company is (212) 509-4000.

Stock Market Listing

We are applying to have our shares of common stock listed on The NASDAQ Global Market under the symbol “JYNT.”

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock and a liquid trading market for our common stock may not develop or be sustained after this offering. Future sales of substantial amounts of our common stock in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our common stock and impair our ability to raise equity capital in the future. No prediction can be made as to the effect, if any, future sales of shares, or the availability of shares for future sales will have on the market price of our common stock prevailing from time to time. As described below, only a limited number of shares of our common stock will be available for sale in the public market for a period of several months after consummation of this offering due to contractual and legal restrictions on resale described below. Future sales of our common stock in the public market either before (to the extent permitted) or after restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our common stock at such time and our ability to raise equity capital at a time and price we deem appropriate.

Sale of Restricted Shares

Upon completion of this offering, we will have shares of common stock outstanding. Of these shares of common stock, the shares of common stock being sold in this offering, plus any shares sold upon exercise of the underwriters' option to purchase additional shares, will be freely tradable without restriction under the Securities Act, except for any such shares which may be acquired by an "affiliate" of ours, as that term is defined in Rule 144, which shares will be subject to the volume limitations and other restrictions of Rule 144 described below. The remaining shares of common stock held by our existing stockholders upon completion of this offering will be "restricted securities," as that term is defined in Rule 144, and may be resold only after registration under the Securities Act or pursuant to an exemption from such registration, including, among others, the exemptions provided by Rule 144 and Rule 701 under the Securities Act, which rules are summarized below. These remaining shares of common stock held by our existing stockholders upon completion of this offering will be available for sale in the public market (after the expiration of the lock-up agreements described below) only if registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, as described below.

As a result of the lock-up agreements described below under the "Underwriting" section and the provisions of Rules 144 and Rule 701 promulgated under the Securities Act, the shares of our common stock (excluding the shares sold in this offering) will be available for sale in the public market as follows:

- no shares will be eligible for sale on the date of this prospectus; and
- shares will be eligible for sale upon the expiration of the lock-up agreements, as more particularly described below under the "Underwriting" section, beginning one year after the date of this prospectus, subject to certain exceptions.

Rules 144 and 701

In general, under Rule 144, as currently in effect, persons who are not one of our affiliates at any time during the three months preceding a sale may sell shares of our common stock beneficially held upon the earlier of (1) the expiration of a six-month holding period, if we have been subject to the reporting requirements of the Exchange Act and have filed all required reports for at least 90 days prior to the date of the sale, or (2) a one-year holding period.

At the expiration of the six-month holding period, a person who was not one of our affiliates at any time during the three months preceding a sale would be entitled to sell an unlimited number of shares of our common stock provided current public information about us is available, and a person who was one of our affiliates at any time during the three months preceding a sale would be entitled to sell within any three-month period a number of shares of common stock that does not exceed the greater of either of the following:

- 1% of the number of shares of common stock then outstanding which will equal to approximately shares immediately after this offering; and
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale.

Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. Under Rule 144(k), a person who is not deemed to have been our affiliate at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years including the holding period of any prior owner except an affiliate of The Joint, is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Rule 701, as currently in effect, permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions. Any employee, officer, director or consultant who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell such shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling such shares. However, in this offering % of Rule 701 shares are subject to lock-up agreements and will only become eligible for sale at the earlier of the expiration of the 180-day lock-up agreements or no sooner than 90 days after the offering upon obtaining the prior written consent of the underwriters.

Registration Rights

We have granted "piggy-back" and demand registration rights in connection with the warrant to purchase shares of our common stock issued to the Representative. Shares registered under such registration statement will be available for sale in the open market upon the effectiveness of the registration, subject to FINRA lock-up requirements. For a further description of these rights, please refer to the section entitled "Underwriting — Representative's Warrant."

Form S-8 Registration Statement

Following the closing of this offering, we will file a registration statement on Form S-8 registering the 452,750 shares of our common stock issuable pursuant to stock options, SARs, restricted stock, and RSUs granted or awarded under our 2014 and 2012 Plans. Shares registered under such registration statement will be available for sale in the open market upon the effectiveness of the registration, subject to Rule 144 volume limitations and any applicable lock-up agreements. As of June 30, 2014, (i) options to purchase a total of 112,750 shares of our common stock were outstanding under our 2012 Plan, (ii) options to purchase a total of 40,000 shares of our common stock were outstanding under our 2014 Plan, and (iii) 318,750 shares of restricted stock were awarded under our 2012 Plan. No additional options or other awards will be granted under our 2012 Plan, which has been replaced by our 2014 Plan. As of June 30, 2014, 73,500 shares of our common stock were available for issuance under our 2014 Stock Plan.

UNDERWRITING

Feltl and Company is acting as the sole book-running manager of the offering and as representative of the underwriters named below, or the Representative. Subject to the terms and conditions set forth in an underwriting agreement dated the date of this prospectus among us, the Representative, we have agreed to sell to each underwriter named below and each underwriter named below has severally and not jointly agreed to purchase from us, at the public offering price per share set forth on the cover page of this prospectus, less the underwriting discounts and commissions, the number of shares of common stock listed next to its name in the following table:

Underwriters	Number of Shares
Feltl and Company, Inc.	
Sanders Morris Harris Inc.	
Total	

The underwriters are committed to purchase all the shares of common stock offered by us other than those covered by the option to purchase additional shares described below, if they purchase any shares. The obligations of the underwriters may be terminated upon the occurrence of certain events specified in the underwriting agreement. Furthermore, pursuant to the underwriting agreement, the underwriters' obligations are subject to customary conditions, representations and warranties contained in the underwriting agreement, such as receipt by the underwriters of officers' certificates and legal opinions.

We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect thereof.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions specified in the underwriting agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Over-Allotment Option. We have granted the underwriters an over-allotment option. This option, which is exercisable for up to 45 days after the date of this prospectus, permits the underwriters to purchase a maximum of additional shares (15% of the shares sold in this offering) from us to cover over-allotments, if any. If the underwriters exercise all or part of this option, they will purchase shares covered by the option at the public offering price per share that appears on the cover page of this prospectus, less the underwriting discounts and commissions. If this option is exercised in full, the total net proceeds, before expenses, to us will be $.

Discounts. The following table shows the public offering price, underwriting discounts and proceeds, before expenses, to us. The information assumes either no exercise or full exercise by the underwriters of their over-allotment option.

	Per Share	Total Without Over-Allotment Option	Total With Over-Allotment Option
Public offering price	$	$	$
Underwriting discounts	$	$	$
Proceeds, before expenses, to us	$	$	$

The underwriters propose to offer the shares offered by us to the public at the public offering price per share set forth on the cover of this prospectus. In addition, the underwriters may offer some of the shares to other securities dealers at such price less a concession of $ per share. After the initial offering, the public offering price and concession to dealers may be changed.

We have also agreed to pay the Representative's expenses relating to the offering, including, but not limited to, expenses and disbursements relating to the registration, qualification or exemption of securities offered under state securities laws, or "blue sky" laws; reasonable fees and expenses of the Representative's counsel; expenses related to travel and due diligence meetings for the investment community and other

expenses in connection with the delivery of the preliminary and final prospectus. In addition, we have agreed to pay to the Representative of the underwriters accountable expenses in an amount not to exceed $250,000.

We estimate that the total expenses of the offering payable by us, excluding underwriting discounts and commissions, will be approximately $.

Lock-Up Agreements. Pursuant to certain "lock-up" agreements with the Representative, we, our executive officers and directors, and substantially all of our stockholders have agreed, subject to certain exceptions, not to offer, sell, contract to sell, pledge, or otherwise dispose of, directly or indirectly, any shares of common stock or securities convertible into or exchangeable or exercisable for any shares of common stock beneficially owned by the undersigned, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Common Stock, without the prior written consent of the Representative, for a period of one year from the date of effectiveness of the offering. The Representative may, in its sole discretion, at any time without prior notice, release all or any portion of the shares from the restrictions in any such agreement. It is provided however, that if a stockholder is neither one of our officers or directors, the lock-up restrictions described above shall not apply to and no consent of the Representative shall be required for sale by the stockholder of our securities representing up to 0.1% of the our issued and outstanding shares of common stock, calculated on a fully diluted basis, on each consecutive month commencing six months following the date of the final prospectus relating to this offering and ending at the end of the lock-up period; provided, however, if the party to be released is an officer or director of the Company and except if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in the "lock-up" agreement, (i) the Representative agrees that, at least three business days before the effective date of any release or waiver, the Representative will notify us of the impending release or waiver, and (ii) we have to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representative to any such officer or director shall only be effective two business days after the publication date of such press release.

NASDAQ Listing. We are applying to have our common stock approved for listing on The NASDAQ Global Market under the symbol "JYNT."

Electronic Offer, Sale and Distribution of Shares. A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The Representative may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of, nor incorporated by reference into, this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

Determination of the Initial Public Offering Price. Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined through negotiations between us and the Representative of the underwriters. In addition to prevailing market conditions, the factors considered in determining the initial public offering price included the following:

- the information included in this prospectus and otherwise available to the Representative;
- the valuation multiples of publicly traded companies that the Representative believe to be comparable to us;
- our financial information;
- our prospects and the history and the prospectus of the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues;

- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

Stabilization. In connection with this offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate-covering transactions, penalty bids and purchases to cover positions created by short sales.

Stabilizing transactions permit bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the shares while the offering is in progress.

Over-allotment transactions involve sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase. This creates a syndicate short position which may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by exercising their over-allotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of shares in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared with the price at which they may purchase shares through exercise of the over-allotment option. If the underwriters sell more shares than could be covered by exercise of the over-allotment option and, therefore, have a naked short position, the position can be closed out only by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing there could be downward pressure on the price of the shares in the open market that could adversely affect investors who purchase in the offering.

Penalty bids permit the Representative to reclaim a selling concession from a syndicate member when the shares originally sold by that syndicate member are purchased in stabilizing or syndicate covering transactions to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our shares or common stock or preventing or retarding a decline in the market price of our shares or common stock. As a result, the price of our common stock in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. These transactions may be effected on The NASDAQ Global Market or otherwise and, if commenced, may be discontinued at any time.

Passive market making. In connection with this offering, underwriters and selling group members may engage in passive market making transactions in our common stock on The NASDAQ Global Market in accordance with Rule 103 of Regulation M under the Exchange Act, during a period before the commencement of offers or sales of the shares and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, then that bid must then be lowered when specified purchase limits are exceeded.

Representative's Warrant. We have agreed to issue the Representative a warrant to purchase up to shares of common stock, which is 3% of the shares sold in this offering, excluding the over-allotment option, as additional consideration. The warrant is exercisable at $ per share (125% of the initial public offering price), commencing on a date which is one year from the effective date of this offering under this prospectus and expiring four years from the effective date of this offering in compliance with FINRA Rule 5110(f)(2)(G)(i). The warrant and the shares of common stock underlying the warrant have been deemed compensation by FINRA, and are therefore subject to a 180-day lock-up pursuant to Rule 5110(g)(1) of

FINRA. The Representative (or permitted assignees under the Rule) will not transfer the warrant or the securities underlying the warrant except in accordance with applicable securities regulations. In addition, the warrants provide for registration rights upon request, in certain cases. The demand registration right will have a duration of no more than four years from the date of effectiveness in compliance with FINRA Rule 5110(f)(2)(G)(iv) if and when we are eligible to use a registration statement on Form S-3. The piggy-back registration right provided will have a duration of no more than six years from the date of effectiveness in compliance with FINRA Rule 5110(f)(2)(G)(v). We will bear all fees and expenses attendant to registering the securities issuable on exercise of the warrant, other than underwriting commissions incurred and payable by the holder. The exercise price and number of shares issuable upon exercise of the warrant may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary cash dividend or our recapitalization, reorganization, merger or consolidation. However, the warrant exercise price or underlying shares will not be adjusted for issuances of shares of common stock at a price below the warrant exercise price.

Right of First Refusal. We have granted the Representative the right of first refusal to act, for a period of twelve months from the effectiveness or commencement of sales of this offering, at a minimum, as a co-lead manager and/or co-placement agent with at least 50% of the gross economics for any and all future public or private debt offerings by us occurring or commencing during such twelve-month period. The terms of any such engagement will be negotiated between us and the Representative.

Other Relationships. Certain of the underwriters and their affiliates have provided, and may in the future provide various investment banking, commercial banking and other financial services for us and our affiliates for which they have received, and may in the future receive customary fees. However, except as disclosed in this prospectus, we have no present arrangements with any of the underwriters for any further services.

Offer Restrictions Outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Australia

This prospectus is not a disclosure document under Chapter 6D of the Australian Corporations Act, has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act. Accordingly, (i) the offer of the securities under this prospectus is only made to persons to whom it is lawful to offer the securities without disclosure under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in section 708 of the Australian Corporations Act, (ii) this prospectus is made available in Australia only to those persons as set forth in clause (i) above, and (iii) the offeree must be sent a notice stating in substance that by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and, unless permitted under the Australian Corporations Act, agrees not to sell or offer for sale within Australia any of the securities sold to the offeree within 12 months after its transfer for the offeree under this prospectus.

China

The information in this document does not constitute a public offer of the securities, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan), or the PRC. The securities

may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors."

European Economic Area — Belgium, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of securities will be made pursuant to an exemption under the Directive 2003/71/EC, or Prospectus Directive, as implemented in Member States of the European Economic Area, each, a Relevant Member State, from the requirement to produce a prospectus for offers of securities.

An offer to the public of securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

(a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

(c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the company or any underwriter for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall result in a requirement for the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers, or AMF. The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, or the "Prospectus Regulations." The securities have not

been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Israel

The securities offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority, or the ISA, nor have such securities been registered for sale in Israel. The shares may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with the offering or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the securities being offered. Any resale in Israel, directly or indirectly, to the public of the securities offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

Italy

The offering of the securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, or CONSOB) pursuant to the Italian securities legislation and, accordingly, no offering material relating to the securities may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, or Decree No. 58, other than:

- to Italian qualified investors, as defined in Article 100 of Decree no. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, or Regulation no. 1197l, as amended, or Qualified Investors; and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the securities or distribution of any offer document relating to the securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the securities in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

Japan

The securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended, or the FIEL, pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of securities is conditional upon the execution of an agreement to that effect.

Portugal

This document is not being distributed in the context of a public offer of financial securities (oferta pública de valores mobiliários) in Portugal, within the meaning of Article 109 of the Portuguese Securities Code (Código dos Valores Mobiliários). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in Portugal. This document and any other offering material relating to the securities have not been, and will not be, submitted to the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários) for approval in Portugal and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in Portugal, other than under circumstances that are deemed not to qualify as a public offer under the Portuguese Securities Code. Such offers, sales and distributions of securities in Portugal are limited to persons who are "qualified investors" (as defined in the Portuguese Securities Code). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Sweden

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United Arab Emirates

Neither this document nor the securities have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor have we received authorization or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the securities within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the securities, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates by us.

No offer or invitation to subscribe for securities is valid or permitted in the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom, and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended, or FSMA) has been published or is intended to be published in respect of the securities. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the

securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA.

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Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to us.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or FPO, (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Johnson and Colmar, Bannockburn, Illinois. As of the date of this prospectus, certain individual attorneys of this firm beneficially own an aggregate of 291,630 shares of our common stock. Certain legal matters will be passed upon for the underwriters by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., New York, New York.

EXPERTS

The financial statements of The Joint Corp. as of December 31, 2013 and 2012 and for each of the years in the two-year period ended December 31, 2013 have been included in this prospectus in reliance upon the report of EKS&H, LLLP, independent certified public accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 with respect to the common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules which are part of the registration statement. For further information with respect to us and our common stock, see the registration statement and the exhibits and schedules thereto. Any document we file may be read and copied at the Commission's public reference room at 100 F Street, NE, Washington, D.C. 20549, on official business days during the hours of 10 a.m. to 3 p.m. Please call the Commission at 1-800-SEC-0330 for further information about the public reference rooms. Our filings with the Commission are also available to the public from the Commission's website at *http://www.sec.gov*.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, will file periodic reports, proxy statements and other information with the Commission. Such periodic reports, proxy statements and other information will be available for inspection and copying at the Commission's public reference rooms, and the website of the Commission referred to above.

THE JOINT CORP.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders' of
The Joint Corp.
Scottsdale, Arizona

We have audited the accompanying consolidated balance sheets of The Joint Corp. as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years then ended. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Joint Corp. and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 9 to the financial statements, the 2013 financial statements have been restated to correct the earnings per share disclosure.

/s/ EKS&H LLLP

July 11, 2014 (except as to Note 9 which is dated August 21, 2014)
Denver, Colorado

The Joint Corp. and Subsidiary

Consolidated Balance Sheets

	December 31,		June 30,	
	2013	2012	2014	2013
	(audited)	(audited)	(unaudited)	(unaudited)
ASSETS				
CURRENT ASSETS				
Cash	$3,516,750	$3,565,592	$ 3,260,666	$ 3,794,094
Restricted cash	58,786	76,076	116,333	33,214
Accounts receivable, net	394,655	106,898	261,112	454,555
Prepaid income taxes	0	300,000	63,499	317,772
Note receivable – current portion	25,929	10,354	26,716	11,752
Prepaid expenses	23,729	48,969	7,704	16,822
Deferred franchise costs – current portion	939,750	1,179,850	1,158,300	981,850
Deferred tax asset – current portion	701,200	769,800	797,786	742,473
Other current assets	0	21,829	133,274	101,895
TOTAL CURRENT ASSETS	5,660,799	6,079,368	5,825,390	6,454,427
PROPERTY AND EQUIPMENT, net	400,267	229,580	854,055	207,726
OTHER ASSETS				
Note receivable, net of current portion	59,269	79,646	45,711	80,982
Note receivable – related party	21,750	21,750	21,750	21,750
Deferred franchise costs, net of current portion	2,283,000	2,028,050	2,035,750	2,470,750
Deferred tax asset, net of current portion	1,265,700	644,800	1,265,702	644,800
Deposits and other assets	77,650	16,964	77,650	2,650
TOTAL OTHER ASSETS	3,707,369	2,791,210	3,446,563	3,220,932
TOTAL ASSETS	$9,768,435	$9,100,158	$10,126,008	$ 9,883,085

The accompanying notes are an integral part of these Consolidated Financial Statements.

The Joint Corp. and Subsidiary

Consolidated Balance Sheets

	December 31,		June 30,	
	2013	2012	2014	2013
	(audited)	(audited)	(unaudited)	(unaudited)
LIABILITIES AND STOCKHOLDERS' DEFICIT				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 226,757	$ 101,363	$ 717,856	$ 272,648
Co-op funds liability	54,133	44,774	33,625	32,729
Payroll liabilities	128,370	70,324	178,059	50,375
Marketing fund deferred revenue	4,652	31,302	82,707	0
Income taxes payable	419,297	0	0	0
Deferred revenue – current portion	2,756,250	3,186,750	3,204,500	2,641,750
TOTAL CURRENT LIABILITIES	3,589,459	3,434,513	4,216,747	2,997,502
DEFERRED RENT AND TENANT ALLOWANCE	0	0	541,962	0
DEFERRED REVENUE, NET OF CURRENT PORTION	7,252,084	6,762,417	6,617,584	7,821,084
OTHER LIABILITIES	147,753	39,724	204,300	87,643
TOTAL LIABILITIES	10,989,296	10,236,654	11,580,593	10,906,229
COMMITMENTS AND CONTINGENCIES				
STOCKHOLDERS' DEFICIT				
Series A preferred stock, $0.001 par value; 50,000 shares authorized, 25,000 issued and outstanding, aggregate liquidation preference of $1,000,000	25	25	25	25
Common stock, $0.001 par value; 4,250,000 shares authorized, 3,000,000 shares issued and 2,700,000 outstanding as of December 31, 2013, 3,000,000 shares issued and outstanding as of December 31, 2012 and 3,009,378 shares issued and 2,709,378 outstanding as of June 30, 2014 and 3,000,000 shares issued and outstanding as of June 30, 2013	3,000	3,000	3,000	3,000
Additional paid-in capital	1,548,713	997,075	1,576,635	997,075
Treasury stock (300,000 shares, at cost)	(791,638)	0	(791,638)	0
Accumulated deficit	(1,980,961)	(2,136,596)	(2,242,607)	(2,023,244)
TOTAL STOCKHOLDERS' DEFICIT	(1,220,861)	(1,136,496)	(1,454,585)	(1,023,144)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 9,768,435	$ 9,100,158	$10,126,008	$ 9,883,085

The accompanying notes are an integral part of these Consolidated Financial Statements.

The Joint Corp. and Subsidiary

Consolidated Statements of Operations

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2012	2014	2013
	(audited)	(audited)	(unaudited)	(unaudited)
REVENUES				
Royalty fees	$1,531,201	$ 536,236	$1,361,591	$ 573,900
Franchise fees	2,536,333	1,339,333	1,034,500	1,385,833
Regional developer fees	742,875	392,750	224,750	371,750
IT related income and software fees	762,867	356,050	410,825	360,425
Advertising fund revenue	216,784	55,136	116,110	81,224
Other income	168,007	105,437	96,895	59,680
TOTAL REVENUES	5,958,067	2,784,942	3,244,671	2,832,812
COST OF REVENUES				
Franchise cost of revenues	1,781,477	908,591	978,830	874,101
IT cost of revenues	224,719	181,942	135,663	132,628
TOTAL COST OF REVENUES	2,006,196	1,090,533	1,114,493	1,006,729
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES				
Selling and marketing expenses	781,256	748,915	370,022	462,278
Depreciation and amortization	70,725	49,814	88,885	31,511
General and administrative expenses	2,660,101	2,242,821	2,050,640	1,227,609
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,512,082	3,041,550	2,509,547	1,721,398
INCOME (LOSS) FROM OPERATIONS	439,789	(1,347,141)	(379,369)	104,685
OTHER (EXPENSE) INCOME	(32,000)	36,318	(3,800)	(22,000)
INCOME (LOSS) BEFORE INCOME TAX (PROVISION) BENEFIT	407,789	(1,310,823)	(383,169)	82,685
INCOME TAX (PROVISION) BENEFIT	(252,154)	574,528	121,523	30,667
NET INCOME (LOSS)	$ 155,635	$ (736,295)	$ (261,646)	$ 113,352
Basic net income (loss) per share	$ 0.05*	$ (0.25)	$ (0.10)	$ 0.04
Diluted net income (loss) per share	$ 0.04*	$ (0.25)	$ (0.10)	$ 0.03

* Amounts have been restated

The accompanying notes are an integral part of these Consolidated Financial Statements.

The Joint Corp. and Subsidiary

Consolidated Statements of Changes in Stockholders' Deficit

	Preferred Stock	Common Stock	Additional Paid In Capital	Treasury Stock	Accumulated Deficit	Total
Balances, December 31, 2012	$ 25	$ 3,000	$ 997,075	$ 0	$(2,136,596)	$(1,136,496)
Purchase of treasury stock	0	0	551,638	(791,638)	0	(240,000)
Net income	0	0	0	0	155,635	155,635
Balances, December 31, 2013	25	3,000	1,548,713	(791,638)	(1,980,961)	(1,220,861)
Stock-based compensation expense – (unaudited)	0	0	27,922	0	0	27,922
Net loss – (unaudited)	0	0	0	0	(261,646)	(261,646)
Balances, June 30, 2014 (unaudited)	$ 25	$ 3,000	$ 1,576,635	$(791,638)	$(2,242,607)	$(1,454,585)

The accompanying notes are an integral part of these Consolidated Financial Statements.

The Joint Corp. and Subsidiary

Consolidated Statements of Cash Flows

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2012	2014	2013
	(audited)	(audited)	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	$ 155,635	$ (736,295)	$ (261,646)	$ 113,352
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	70,725	49,814	88,885	31,511
Deferred income taxes	(552,300)	(576,100)	(96,588)	27,327
Accrued interest on notes receivable	(5,551)	0	0	(2,734)
Stock based compensation expense	0	0	27,922	0
(Increase) decrease in:				
Restricted cash	17,290	(76,076)	(57,547)	42,862
Accounts receivable	(287,757)	(79,691)	133,543	(347,657)
Prepaid income taxes	300,000	(300,000)	(63,499)	(17,772)
Prepaid expenses	47,069	(51,703)	16,025	32,147
Deferred franchise costs	(14,850)	(2,233,800)	28,700	(244,700)
Deposits and other current assets	(60,686)	(12,474)	(133,274)	(65,752)
Increase (decrease) in:				
Accounts payable and accrued expenses	125,394	(136,357)	491,099	171,285
Co-op funds liability	9,359	44,774	(20,508)	(12,045)
Payroll liabilities	58,046	39,203	49,689	(19,949)
Marketing fund deferred revenue	(26,650)	31,302	78,055	(31,302)
Other liabilities	108,029	4,160	56,547	47,919
Deferred rent and tenant allowance	0	(13,192)	541,962	0
Income taxes payable	419,297	(45)	(419,297)	0
Deferred revenue	59,167	6,222,417	(186,250)	513,667
NET CASH PROVIDED BY OPERATING ACTIVITIES	422,217	2,175,937	273,818	238,159
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(241,412)	(131,311)	(542,673)	(9,657)
Proceeds from sale of equipment	0	47,267	0	0
(Issuance of) payments received on notes receivable	10,353	(90,000)	12,771	0
NET CASH USED IN INVESTING ACTIVITIES	(231,059)	(174,044)	(529,902)	(9,657)
CASH FLOWS FROM FINANCING ACTIVITIES				
Purchase of treasury stock	(240,000)	0	0	0
NET CASH USED IN FINANCING ACTIVITIES	(240,000)	0	0	0
NET INCREASE (DECREASE) IN CASH	(48,842)	2,001,893	(256,084)	228,502
CASH AT BEGINNING OF PERIOD	3,565,592	1,563,699	3,516,750	3,565,592
CASH AT END OF PERIOD	$3,516,750	$ 3,565,592	$3,260,666	$3,794,094

The accompanying notes are an integral part of these Consolidated Financial Statements.

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for income taxes during the years ended December 31, 2013 and 2012 was $0 and $300,045, and for the six months ended June 30, 2014 and 2013 was $420,250 and $0, respectively.

In December 2013, the Company repurchased 300,000 shares of its common stock for $240,000 in cash and issued an option for 300,000 shares of common stock and a fair value of $551,638, exercising its right of first refusal under the terms of a Stockholders Agreement (see Note 8).

During the year ended December 31, 2012, the Company issued a $21,750 promissory note for payment of a transfer fee (see Note 2).

There were no non-cash financing and investing activities for the six months ended June 30, 2014 and 2013.

The accompanying notes are an integral part of these Consolidated Financial Statements.

THE JOINT CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013 and 2012, and the six months ended June 30, 2014 and 2013
(information as it pertains to June 30, 2014 and 2013 is unaudited)

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Joint Corp. ("The Joint"), a Delaware corporation, was formed on March 10, 2010, for the purpose of franchising chiropractic clinics, selling regional developer rights and supporting the operations of franchised chiropractic clinics at locations throughout the United States of America. The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities.

The Joint Corporate Unit No. 1, LLC ("Clinic"), an Arizona limited liability company, was formed on July 14, 2010, for the purpose of operating chiropractic centers in the state of Arizona. The Clinic was sold on July 1, 2012, and all remaining account balances were consolidated with The Joint as of December 31, 2012.

The following table summarizes the number of clinics in operation for years ended December 31, 2013 and 2012 and the six months ended June 30, 2014 and 2013.

	December 31,		June 30,	
	2013	2012	2014	2013
Clinics open at beginning of period	82	33	175	82
Clinics opened during the period	93	53	41	52
Clinics closed during the period	0	(4)	(1)	(3)
Clinics in operation at the end of the period	175	82	215	131
Clinics sold but not yet operational	223	216	250	264

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Joint Corp. and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC (collectively, the "Company").

All significant intercompany accounts and transactions between The Joint Corp. and its subsidiary have been eliminated in consolidation.

Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash. The Company continually monitors its positions with, and credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits.

Restricted Cash

Restricted cash held by the Company relates to cash franchisees are required to contribute to the National Marketing Fund and cash franchisees provide to the Co-Op Marketing Funds. Cash contributed to the National Marketing Fund is to be used in accordance with the Franchise Disclosure Document with a focus on regional and national marketing and advertising.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees related to the collection of initial franchise fees, royalties, and other operating revenues. The Company periodically performs credit analysis and monitors the financial condition of the franchisees to reduce credit risk. As of December 31, 2013 and 2012, one customer and two customers, respectfully, represented 15% and 54% of outstanding accounts receivable. We did not have any customers that represented greater than 10% of our revenues during the six months ended June 30, 2014 and 2013 or the years ended December 31, 2013 and 2012.

THE JOINT CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013 and 2012, and the six months ended June 30, 2014 and 2013
(information as it pertains to June 30, 2014 and 2013 is unaudited)

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Accounts Receivable

Accounts receivable represent amounts due from franchisees for royalty fees and marketing and advertising expenses. The Company considers a reserve for doubtful accounts based on the creditworthiness of the franchisee. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on specific identification and historical performance that are tracked by the Company on an ongoing basis. The losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. The Company determined that an allowance for doubtful accounts was not necessary for the twelve months ended December 31, 2013 and 2012. As of June 30, 2014 and 2013 the Company had allowance for doubtful accounts of $42,039 and $0, respectively.

Deferred Franchise Costs

Deferred franchise costs represent commissions that are earned in conjunction with the sale of a franchise, and are expensed when the respective revenue is recognized, which is generally upon the opening of a clinic.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets.

Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in other income.

Software Developed

The Company capitalizes most software development costs. These capitalized costs are primarily related to proprietary software used by clinics for operations and the Company for management of operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized as assets in progress until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Software developed is recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internal use software is amortized on a straight line basis over its estimated useful life, generally 5 years.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. No impairments of long-lived assets were recorded for the years ended December 31, 2013 and 2012 and for the six months ended June 30, 2014.

Advertising Fund

The Company has established an advertising fund for national marketing and advertising of services offered by the clinics owned by the franchisees. As stipulated in the typical franchise agreement, a franchisee, in addition to the monthly royalty fee, pays a monthly marketing fee of 1% of gross sales, which may increase to 2% at the discretion of the Company. The Company is to segregate the marketing funds collected

THE JOINT CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013 and 2012, and the six months ended June 30, 2014 and 2013
(information as it pertains to June 30, 2014 and 2013 is unaudited)

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

and use the funds for specific purposes as outlined in the Franchise Disclosure Document. As amounts are expended from the fund, the Company recognizes advertising fund revenue and a related expense. Amounts collected in excess of marketing expenditures are included in restricted cash on the consolidated balance sheets of the Company.

Co-Op Marketing Funds

Franchises have established regional Co-Ops for advertising within their local and regional markets. The Joint maintains an agency relationship under which the marketing funds collected are segregated and used for the specified purposes as directed by the Co-Ops officers. The marketing funds are included in restricted cash on the consolidated balance sheets of the Company.

Revenue Recognition

The Company generates revenue through initial franchise fees, regional developer fees, transfer fees, royalties, IT related income, and computer software fees.

Initial Franchise Fees

The Company requires the entire initial franchise fee to be paid upon execution of the franchise agreement, which has an initial term of ten years and are non-refundable. Initial franchise fees received from a franchisee are recognized as revenue when the Company has performed substantially all initial services required by the franchise agreement. The franchisor's services under the franchise agreement include: training of franchisee and staff, site selection, construction/vendor management and ongoing operations support. The Company provides no financing to own franchises or guarantees on their behalf.

Regional Developer Fees

During 2011, the Company established a regional developer program to bring on independent contractors to assist in developing a specified geographical region or unit. Under this program, a regional developers pays a per license fee of 25% of the franchise fee to obtain the rights to develop the clinic within a specified geographical region and receives 50% of all franchise fees collected upon franchise sale and 3% of all royalties collected from open clinics in their region. Any clinics developed by the regional developer over their contracted minimum in the territory, requires no additional fee. Regional developer fees are recognized as revenue when the Company has performed substantially all initial services required by the regional developer agreement, which is generally upon the opening of each clinic and are non-refundable. The franchisor's services under the RD agreements include: site selection within RD Territory, grand opening support for two clinics within the region, sales support for identification of qualified franchisees, and marketing support to advertise for ownership opportunities.

Royalties

The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales and a marketing and advertising fee of 1% of gross sales. Certain franchisees with franchise agreements acquired during the formation of the Company pay a monthly flat fee. Royalties are recognized as revenue when earned. Royalties are collected bi-monthly two working days after each sales period has ended. The Company considers a reserve for doubtful accounts based on the creditworthiness of the franchisee. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on specific identification and historical performance that are tracked by the Company on an ongoing basis.

THE JOINT CORP. AND SUBSIDIARY

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NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

IT Related Income and Software Fees

The Company collects a monthly computer software fee for use of the Company's proprietary chiropractic software, computer support, and internet services support, which was rolled out to all the clinics in April 2012. These fees are recognized on a monthly basis as services are provided. IT related revenue represents a flat fee to purchase the clinics' computer equipment, operating software, preinstalled chiropractic system software, key card scanner (patient identification card), credit card scanner and credit card receipt printer. These fees are recognized as revenue when upon receipt of equipment by the franchisee.

Advertising Costs

The Company's policy is to expense all operating advertising costs as incurred. Advertising expenses for years ended December 31, 2013 and 2012 were $323,219 and $404,050, respectively, and the six months ended June 30, 2014 and 2013 were $40,039 and $134,209, respectively.

Income Taxes

The Company accounts for income taxes in accordance with the Accounting Standards Codification that requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company accounts for uncertainty in income taxes by recognizing the tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits and expenses recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution.

For the six months ended June 30, 2014 and the year ended December 31, 2013, the Company recorded a liability for income taxes for operations and uncertain tax positions of approximately $204,000 and $148,000, respectively, of which $50,000 and $33,000 respectively, represent penalties and interest and recorded in "other liabilities" section of the accompanying consolidated balance sheets. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. The Company's tax returns for tax years subject to examination by tax authorities include 2010 through the current period for state and federal reporting purposes.

Earnings (Loss) per Common Share

Basic earnings (loss) per common share include no dilution and are computed by dividing the net earnings (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per common share is computed by giving effect to all potentially dilutive common shares including preferred stock, restricted stock, and stock options. Basic and diluted earnings per share for the year ended December 31 2012 and the six months ended June 30, 2014 were the same as the impact of all potentially dilutive securities outstanding was anti-dilutive.

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NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2012	2014	2013
Net income (loss)	$ 155,635	$ (736,295)	$ (261,646)	$ 113,352
Weighted average common stock issued	3,000,000	3,000,000	3,000,000	3,000,000
Weighted average treasury stock	(14,795)	—	(300,000)	—
Weighted average vested restricted stock	—	—	5,432	—
Weighted average common shares used in basic earnings (loss) per share	2,985,205	3,000,000	2,705,432	3,000,000
Weighted average shares issuable on exercise of stock options	12,209	—	—	—
Weighted average shares issuable on conversion of series A preferred stock	750,000	—	—	750,000
Weighted average common shares used in diluted earnings (loss) per share	3,747,414	3,000,000	2,705,432	3,750,000
Basic net income (loss) per share	$ 0.05	$ (0.25)	$ (0.10)	$ 0.04
Diluted net income (loss) per share	$ 0.04	$ (0.25)	$ (0.10)	$ 0.03

Securities outstanding at June 30, 2014 which could be dilutive in the future, some of which are included in some, but not all, of the periods presented include preferred stock convertible into 750,000 shares of common stock issued in 2010, options to purchase 300,000 shares of common stock issued in 2013 in connection with the purchase of treasury stock and options to purchase 152,750 shares of common stock issued as compensation in 2014 and the 309,372 shares of unvested restricted stock issued as compensation in 2014.

Stock-Based Compensation

The Company accounts for share based payments by recognizing compensation expense based upon the estimated fair value of the awards on the date of grant. The Company determines the estimated grant fair value using the Black-Scholes option pricing model and recognizes compensation costs ratably over the vesting period using the straight-line method.

Unaudited Interim Presentation

The accompanying interim balance sheets as of June 30, 2014 and 2013, the statements of operations and cash flows for the six months ended June 30, 2014 and 2013 and the statements of stockholders' equity (deficit) for the six months ended June 30, 2014 and the related footnote disclosures are unaudited. These unaudited interim financial statements have been prepared in accordance with GAAP. In management's opinion, the unaudited interim financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, which include only normal recurring adjustments necessary for the fair presentation of its balance sheets as of June 30, 2014 and 2013, and its statements of operations for the six months ended June 30, 2014 and 2013, and statements of cash flows for the six months ended June 30, 2014 and 2013. The results for the six months ended June 30, 2014 are not necessarily indicative of the results expected for the full fiscal year.

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NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Items subject to significant estimates and assumptions include the allowance for doubtful accounts, share-based compensation arrangements, fair value of stock options, useful lives and realizability of long-lived assets, classification of deferred revenue and deferred franchise costs and the related deferred tax assets and liabilities as long-term or current, uncertain tax positions and realizability of deferred tax assets.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) which provides guidance on how companies recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the company expects to be entitled in exchange for those goods or services. The Company is in the process of evaluating the impact of this pronouncement.

Subsequent Events

Currently, the Company is pursuing a Form S-1 registration with the Securities and Exchange Commission and will have associated expenses related to this subsequent event.

NOTE 2 NOTES RECEIVABLE

Effective July 2012, the Company sold its company-owned clinic, including the license agreement, equipment, and customer base, in exchange for a $90,000 promissory note. The note bears interest at 6% per annum for fifty-four months and requires monthly principal and interest payments over forty-two months, beginning August 2013 and maturing January 2017. The outstanding balance on the note as of June 30, 2014 and December 31, 2013 was $72,427 and $85,198, respectively and is uncollateralized.

Note Receivable — Related Party

Effective October 2012, a stockholder and former director of the Company transferred ownership in his clinic to a third party in connection with which the Company assessed a contractual transfer fee of $21,750. The Company accepted the stockholder's promissory note in the amount $21,750 in payment of this fee. The note has not been formalized with terms, including interest rate or payment schedules and, accordingly, is presented as a long-term note receivable in the accompanying consolidated balance sheets.

The Company considers a reserve for doubtful accounts on notes receivable. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on specific identification and historical performance that are tracked by the Company on an ongoing basis. The losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. The Company determined that an allowance for doubtful accounts on notes receivable was not necessary as of June 30, 2014 and 2013 and December 31, 2013 and 2012.

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NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,		June 30,	
	2013	2012	2014	2013
Office and computer equipment	$ 28,817	$ 28,817	$ 142,157	$ 37,080
Leasehold improvements	—	—	435,747	—
Software developed	379,415	247,085	438,737	248,479
	408,232	275,902	1,016,641	285,559
Accumulated depreciation and amortization	(117,047)	(46,322)	(203,284)	(77,833)
	291,185	229,580	813,357	207,726
Assets in progress	109,082	0	40,698	—
	$ 400,267	$ 229,580	$ 854,055	$ 207,726

Depreciation and amortization expense was $70,725, $49,814, for the years ended December 31, 2013 and 2012, respectively and $88,885 and $31,511 for the six months ended June 30, 2014 and 2013, respectively.

As of June 30, 2014, assets in progress represents new software under development. As of December 31, 2013, assets in progress includes costs for signage, furniture and equipment related to the impending new office relocation as well as new software under development. These costs are transferred to the appropriate property and equipment category and commence depreciation when the assets become ready for their intended use.

NOTE 4 FAIR VALUE CONSIDERATION

The Company's financial instruments include cash, restricted cash, accounts receivable, notes receivable, accounts payable and accrued expenses. The carrying amounts of the Company's financial instruments approximate their fair value due to their short maturities.

The Company generally does not use derivative financial instruments to hedge exposures to cash-flow, market or foreign-currency risks.

Authoritative guidance defines fair value as the price that would be received to sell and asset paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the our assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on reliability of the inputs as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets that are accessible to Ampio for identical assets of liabilities;

Level 2: Inputs include quoted prices for similar assets and liabilities in active or inactive markets or that are observable for the asset or liability either directly or indirectly; and

Level 3: Unobservable inputs that are supported by little or no market activity.

As of December 31, 2013 and 2012 and for the six months ended June 30, 2014, and 2013 the Company does not have any financial instruments that contain unobservable inputs measured as level 1, 2 or 3.

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NOTE 5 INCOME TAXES

Income tax provision (benefit) reported in the consolidated statements of operations is comprised of the following:

	December 31,	
	2013	2012
Current Provision:		
Federal	$ 583,558	$ 0
State, net of state tax credits	135,739	0
	719,297	0
Deferred Provision:		
Federal	(482,350)	(509,795)
State	(69,950)	(66,305)
	(552,300)	(576,100)
Unrecognized tax expense	85,157	1,572
Total income tax provision (benefit)	$ 252,154	$ (574,528)

The following are the components of the Company's net deferred taxes for federal and state income taxes:

	December 31,	
	2013	2012
Current deferred tax asset (liabilities):		
Deferred revenue	$1,064,000	$ 1,222,400
Deferred franchise costs	(362,800)	(452,600)
Net current deferred tax asset	701,200	769,800
Non-current deferred tax asset (liabilities):		
Deferred revenue	1,825,700	1,476,100
Deferred franchise costs	(469,100)	(778,000)
Net operating carryforwards	0	34,200
Asset based difference related to property and equipment	(90,900)	(87,500)
Net non-current deferred tax asset	$1,265,700	$ 644,800

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net income (loss) to the income tax provision (benefit) in the consolidated statement of operations:

	December 31,	
	2013	2012
Expected federal tax expense	34.0%	(34.0%)
State tax provision, net of federal benefit	4.6%	(4.6%)
State tax credits	0.0%	(0.4%)
Meals and entertainment	2.6%	(0.6%)
Unrecognized tax penalties and interest	2.3%	(0.1%
Unrecognized tax expense	18.3%	(4.1%)
	61.8%	(43.8%)

The Company's unrecognized tax expense, penalties and interest stem from uncertain tax positions related to unresolved state apportionment of taxable income.

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NOTE 5 INCOME TAXES – (continued)

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2013	2012
Balance as of January 1	$ 40,000	$ 36,000
Additions based on tax positions related to the current year	108,000	4,000
Balance at December 31	$148,000	$ 40,000

NOTE 6 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases its corporate office space. Monthly payments under the lease were approximately $10,500 through June 2012 and approximately $6,700 through December 2013. The lease expired on December 31, 2013. On September 17, 2013, the Company entered into a new lease for corporate office space, with 66 monthly payments increasing from $10,500 to $22,000, beginning February 3, 2014, the date the Company took occupancy of the new office space.

Total rent expense for the six months ended June 30, 2014 and 2013 was $67,081 and $31,000, respectively. Total rent expense for the years ended December 31, 2013 and 2012, was approximately $124,000 and $117,000.

Future minimum annual lease payments are approximately as follows:

December 31,	
2014	$ 116,000
2015	235,000
2016	250,000
2017	255,000
2018	260,000
Thereafter	154,000
	$ 1,270,000

Deferred Rent and Tenant Allowance

In connection with the new lease, the Company received a tenant improvement allowance of $539,294. This allowance is amortized over the lease term as a reduction to rental expense. For the six months ending June 30, 2014, amortization credit was approximately ($40,850). In addition, the Company records operating leases to rent expense on a straight-line basis. When lease payments differ from the straight-line rent expense, the difference is recorded to the deferred tenant allowance account. For the six months ending June 30, 2014, additional rent expense was $43,500.

Litigation

In the normal course of business, the Company is party to litigation from time to time. The Company maintains insurance to cover certain actions and believes that resolution of such litigation will not have a material adverse effect on the Company.

NOTE 7 RELATED PARTY TRANSACTIONS

The Company entered into consulting and legal agreements with certain common stockholders related to services performed for the development of the Company. Amounts paid to these stockholders was approximately $680,000 and $556,000 for the years ended December 31, 2013 and 2012, respectively and $238,000 and $136,000 for the six months ended June 30, 2014 and 2013, respectively.

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NOTE 8 EQUITY

Stock-Based Compensation

In November 2012, the Company adopted the 2012 Stock Plan ("2012 Plan"). The Plan purpose is to attract and retain the best available personnel for positions of substantial responsibility, provide incentives and additional ownership opportunities for employees, directors, and consultants, and generally promote the success of the Company's business. The Plan permits the Company to grant incentive stock options, non-statutory stock options, restricted stock, stock appreciation rights, performance units and performance shares to employees, directors, and consultants for a period of ten years.

On May 15, 2014, the Company adopted the 2014 Stock Plan ("2014 Plan"). The 2014 Plan is designed to supersede and replace the 2012 Plan, effective as of the adoption date and set aside 550,000 shares of the Company's common stock that may be guaranteed under the Plan.

As of June 30, 2014, the Company has granted stock options to employees to purchase 152,750 shares of the Company and granted restricted stock awards to an executive and consultant to earn 318,750 shares of Company stock. The stock options vest over a period of four years from grant date. The restricted stock was granted in two tranches. The first tranche vests over a period of four years from the grant date. The second tranche begins vesting upon completion of a successful initial public offering by the Company during the employment and service term of participating executives annually over a three year term. Management has reserved a pool of shares to be issued when the options are exercised and the restricted stock is earned.

The estimated fair value of each option granted is calculated using the Black-Scholes option-pricing model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including the estimated fair value of underlying common stock, risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation.

The fair value of the Company's common stock is estimated by the Board of Directors at or about the time of grant for each share-based award. At each grant, the board considered a number of factors in establishing a value for the Company's common stock including the Company's EBITDA, assessments of an amount the Company's shareholders would accept in the private sale of the company, discussions with the Company's investment bankers regarding pricing of the company's common stock in an initial public offering and the probability of successfully completing an IPO. Although the methods for determining fair value of the Company's common stock are not complex, the board's estimate of the fair value of its common stock does involve subjectivity, especially assessments of value in a private sale and estimates of value in the public stock market.

Since the Company's stock was not publicly traded, expected volatilities are based on volatilities from publicly traded companies with business models similar to the Company. Upon successful completion of an IPO, the Company's stock trading price is expected be the basis of fair value of its common stock used in determining the value of share based awards. The Company will rely upon the volatilities from publicly traded companies with similar business models until the Company's common stock has accumulated enough trading history for the Company to utilize its own historical volatility. There has been no employee forfeiture of stock options to date. The expected life of the options granted is based on the average of the vesting term and the contractual term of the option. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury 10-year yield curve in effect at the date of the grant.

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NOTE 8 EQUITY – (continued)

The Company has computed the fair value of all options granted during the six months ended June 30, 2014, using the following assumptions:

Risk-free interest	2.05% – 2.45%
Expected life (years)	7.0
Expected dividend yield	0%
Volatility	43.40% – 45.06%

The information below summarizes the stock options:

STOCK OPTIONS	Options	Weighted average exercise price	Weighted contractual life	Aggregate fair value
Outstanding at December 31, 2013	—	—	—	—
Grants issued	152,750	$ 2.51	$ 9.61	$ 183,579
Grants or awards forfeited or exercised	—	—	—	—
Outstanding grants at June 30, 2014	152,750	$ 2.51	$ 9.61	$ 183,579
Options exercisable at June 30, 2014	4,686			

Unrecognized stock-based compensation expense for stock options for the six months ended June 30, 2014 was $175,646, which is expected to be recognized ratably over the next 3.67 years. The remaining $56,419 in unrecognized stock-based compensation expense is associated with 56,250 stock option grants whose vesting is contingent upon completion of a successful IPO.

The information below summaries the restricted stock activity:

RESTRICTED SHARE AWARDS	SHARES
Outstanding at December 31, 2013	—
Restricted stock awards granted	318,750
Awards forfeited or exercised	—
Outstanding restricted stock awards at June 30, 2014	318,750
Remaining available to be issued	77,500

The restricted stock was granted in two tranches. The first tranche vests in 48 monthly installments of 781 restricted shares for the first 36 months and 782 shares for each of the last 12 monthly installments. The second tranche begins vesting upon completion of a successful initial public offering by the Company during the employment and service term of the executive and consultant, respectively. This vests in 12 monthly installments from the date of closing the IPO. The estimated fair market value of the 318,750 shares of restricted stock was valued at $2.13 per share, determined by the Board, totaling approximately $679,000 to be recognized ratably as the stock is vested. Unrecognized stock based compensation expense for restricted stock awards as of June 30, 2014 was $658,969 of which $139,781 is expected to be recognized ratably over 3.5 years. The remaining $519,188 is associated with 243,750 shares issued in the second tranche which may begin vesting upon completion of a successful IPO.

Preferred Stock

The Company has designated 50,000 shares as preferred stock. The preferred stock is senior to common stock and each share has the same voting rights as the common stockholders. The liquidation preference is equal to the stated value of the stock plus any dividends declared but unpaid at the time of a Liquidation event. The preferred shares are convertible to common stock at the option of the holder at a rate of one share of preferred stock for thirty shares of common stock. In addition, the preferred stock holders have a right of

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NOTE 8 EQUITY – (continued)

first refusal and tag-along rights to the common stockholders. The Company may request conversion with proper notice to preferred shareholders' five days prior to a qualified initial public offering by the Company.

Common Stock

On November 26, 2012, the Board declared a dividend of 29 shares of common stock of the Company on each share of common stock outstanding as of December 1, 2012. The stock dividend is effective and payable automatically as of the effective date of the Certificate of Amendment which was January 9, 2013. The stock dividend has been accounted for as a stock split and retroactively reflected in these consolidated financial statements. After the stock dividend, 750,000 shares of the Company's common stock has been reserved for issuance upon the conversion of any shares of its preferred stock.

On January 9, 2013, a Certificate of Amendment of Certificate of Incorporation was filed with the Delaware Secretary of State. This amendment authorized the Company to increase the number of common stock shares from 150,000 to 4,000,000. A subsequent Certificate of Amendment of Certificate of Incorporation was filed on December 24, 2013, authorizing the Company to increase the number of common stock shares to 4,250,000.

Treasury Stock

In December 2013, the Company exercised its right of first refusal under the terms of a Stockholders Agreement dated March 10, 2010 to repurchase 300,000 shares of its common stock. The shares were purchased for $0.80 per share or $240,000 in cash along with the issuance of an option for 300,000 shares. The Company has the right to call the option upon a 15% change in ownership. The repurchased shares were recorded as treasury stock, at cost in the amount of $791,638, and are available for general corporate purposes. The option is classified in equity as it is considered indexed to the Company's stock and meets the criteria for classification in equity.

The option was granted to the seller for a term of 8 years. The option contained the following exercise prices:

Year 1	$	1.00
Year 2	$	1.21
Year 3	$	1.49
Year 4	$	1.84
Year 5	$	2.28
Year 6	$	2.83
Year 7	$	3.51
Year 8	$	4.37

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NOTE 8 EQUITY – (continued)

Consideration given in the form of the option was valued using a Binomial Lattice-Based model resulting in a fair value of $1.84 per share option for a total fair value of $551,638. The option was valued using the Binomial Lattice-Based valuation methodology because that model embodies all of the relevant assumptions that address the features underlying the instrument. Significant assumptions were as follows:

Market value of underlying common stock	$2.13
Term	1 yr – 8 yrs
Strike Price	$1.00 – $4.37
Volatility	27.03% – 45.64%
Risk Free Interest	0.13% – 2.45%

NOTE 9 RESTATEMENT

The Company has restated its basic and diluted earnings per share for the year ended December 31, 2013 based upon an error in the determination of the dilutive effect of common stock equivalents related to convertible preferred stock and the stock option issued in 2013.

	As originally reported	Adjustment	As restated
Basic	0.06	(0.01)	0.05
Diluted	0.06	(0.02)	0.04

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Shares

Common Stock

PRELIMINARY PROSPECTUS

Sole Book Runner

Feltl and Company

Co-Manager

Sanders Morris Harris

, 2014

Through and including , 2014 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution***

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale and distribution of common stock being registered. All amounts are estimates except the Securities and Exchange Commission, or SEC, registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and The NASDAQ Global Market listing fee.

SEC registration fee	*
FINRA filing fee	*
The NASDAQ Global Market listing fee	*
Blue Sky fees and expenses	*
Printing and engraving costs	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer Agent and Registrar fees	*
Insurance Premiums	*
Miscellaneous expenses	*
Total	*

* to be filed by amendment.

Item 14. ***Indemnification of Directors and Officers***

Section 145 ("Section 145") of the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (the "General Corporation Law") provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was illegal.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against such person and incurred by such person in any such capacity, arising out of such person's status as such, whether or not the corporation would otherwise have the power to indemnify such person against such liability under Section 145.

Registrant's Amended and Restated Certificate of Incorporation and Bylaws provide that Registrant will indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director, officer or employee of Registrant or any predecessor of Registrant, or serves or served at any other corporation, partnership, joint venture, trust or other enterprise as a director, officer, employee or agent at the request of Registrant or any predecessor of Registrant.

Registrant's Bylaws provide for mandatory indemnification to the fullest extent permitted by General Corporation Law against all expense, liability and loss including attorney's fees, judgments, fines, ERISA

excise taxes or penalties and amounts paid in settlements, provided that Registrant shall not be required to indemnify unless the proceeding in which indemnification is sought was authorized in advance by our Board of Directors.

Registrant's directors and executive officers are covered by insurance maintained by Registrant against specified liabilities for actions taken in their capacities as such, including liabilities under the Securities Act of 1933, as amended. In addition, the Registrant has entered into contracts with its directors and executive officers providing indemnification of such directors and executive officers by the Registrant to the fullest extent permitted by law, subject to certain limited exceptions.

The Underwriting Agreement (Exhibit 1.1 hereto) provides for indemnification by the Underwriters of Registrant and its executive officers and directors, and by Registrant of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Item 15. ***Recent Sales of Unregistered Securities***

The following is a summary of Registrant's transactions within the last three years, involving sales of Registrant's securities that were not registered under the Securities Act:

(a) On January 1, 2014, the Registrant issued 225,000 restricted shares of its common stock to John B. Richards pursuant to a restricted stock purchase agreement. The Board of Directors of the Company determined that the fair market value of its common stock as of that date was $2.13 per share. The foregoing purchase and sale was exempt from registration under the Securities Act pursuant to Section 4(a)(2) thereof on the basis that the transaction did not involve a public offering.

(b) On January 1, 2014, the Registrant granted 93,750 options to purchase common stock to David Orwasher at an exercise price of $2.13 per share. The foregoing option grant was exempt from registration under the Securities Act pursuant to Section 4(2) thereof on the basis that the transaction did not involve a public offering.

(c) On January 1, 2014, the Registrant issued 93,750 restricted shares of its common stock to David Orwasher pursuant to a restricted stock purchase agreement. The Board of Directors of the Company determined that the fair market value of its common stock as of that date was $2.13 per share. The foregoing purchase and sale was exempt from registration under the Securities Act pursuant to Section 4(a)(2) thereof on the basis that the transaction did not involve a public offering.

(d) On January 1, 2014, the Registrant granted options to purchase an aggregate of 16,000 shares of its common stock at an exercise price of $2.13 per share to 13 individuals who were either employees of or service providers to the Registrant. The foregoing option grants were exempt from registration under the Securities Act pursuant to Section 4(a)(2) thereof on the basis that the transaction did not involve a public offering.

(e) On May 15, 2014, the Registrant granted 40,000 options to purchase common stock to Catherine B. Hall at an exercise price of $3.60 per share. The foregoing option grant was exempt from registration under the Securities Act pursuant to Section 4(a)(2) thereof on the basis that the transaction did not involve a public offering.

Except as indicated above, none of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and Registrant believes that each transaction was exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof, Regulation D promulgated thereunder or Rule 701 pursuant to compensatory benefit plans and contracts relating to compensation as provided under such Rule 701. The recipients in such transactions represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients either received adequate information about Registrant or had access, through their relationships with Registrant, to such information.

Item 16. ***Exhibits and Financial Statement Schedules***

(a) Exhibits

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1†	Certificate of Incorporation of Registrant.
3.2*	Form of Amended and Restated Certificate of Incorporation of Registrant, to be effective upon completion of this offering.
3.3†	Bylaws of Registrant.
3.4*	Form of Amended and Restated Bylaws of Registrant, to be effective upon completion of this offering.
4.1*	Form of Registrant's Common Stock Certificate.
4.2*	Form of Representative's Warrant.
5.1*	Form of Opinion of Johnson and Colmar.
10.1#	Form of Indemnification Agreement between Registrant and each of its directors and officers and related schedule.
10.2#†	2012 Stock Plan.
10.3#†	2014 Incentive Stock Plan.
10.4#†	Form of Option Agreement under 2014 Stock Plan.
10.5†	Lease Agreement dated between Registrant and DTR 14, LLC, for Registrant's office located at 16767 North Perimeter Drive, Suite 240, Scottsdale, Arizona 85260.
10.6#	Employment Agreement between Registrant and David Orwasher dated January 1, 2014.
10.7#†	Employment Term Sheet between Registrant and John B. Richards, Chief Executive Officer of Registrant.
10.8#†	Employment Term Sheet between Registrant and Catherine Hall, Chief Marketing Officer of Registrant.
10.9#	Stock Option Agreement between Registrant and David Orwasher dated January 1, 2014.
10.10#	Stock Option Agreement between Registrant and Catherine Hall dated May 15, 2014.
10.11#	Restricted Stock Award Agreement between Registrant and John B. Richards dated January 1, 2014.
10.12#	Restricted Stock Award Agreement between Registrant and David Orwasher dated January 1, 2014.
10.13	Registrant's Franchise Disclosure Document.
10.14	Form of Registrant's Regional Developer License Agreement.
10.15	Form of Registrant's Franchise Agreement.
10.16#	Written Description of Management Services Arrangement between Registrant and Business Ventures Corp.
10.17#	Written Description of Consulting Arrangement between Registrant and John Leonesio.
23.1*	Consent of EKS&H.
23.2*	Consent of Johnson and Colmar (contained in Exhibit 5.1).
24.1	Power of Attorney (See page II-5).
99.1	Consent of Director nominee William R. Fields.
99.2	Consent of Director nominee Ronald V. Davella.

† Previously filed.

* To be filed by amendment.

Management contract or compensatory plan or arrangement.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. ***Undertakings***

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of Registrant pursuant to the provisions referenced in Item 14 of this registration statement or otherwise, Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Registrant of expenses incurred or paid by a director, officer, or controlling person of Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, Registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Scottsdale, State of Arizona, on the day of August, 2014.

THE JOINT CORP.

By:

John B. Richards
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints, jointly and severally, and , and each of them acting individually, as his attorney-in-fact, each with full power of substitution, for him in any and all capacities, to sign any and all amendments (including, without limitation, post-effective Amendments and any amendments or abbreviated registration statements increasing the amount of securities for which registration is being sought) to this registration statement, with all exhibits and any and all documents required to be filed with respect thereto, with the Securities and Exchange Commission or any regulatory authority, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in order to effectuate the same as fully to all intents and purposes as he or she might or could do if personally present, hereby ratifying and confirming all that such attorneys-in-fact and agents, or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated below.

Signature	Title	Date
John B. Richards	Chief Executive Officer and Director (Principal Executive Officer) and Director	August 21, 2014
David Orwasher	Chief Operating Officer and President (Principal Financial and Accounting Officer)	August 21, 2014
John Leonesio	Chairman of the Board and Director	August 21, 2014
Craig P. Colmar	Director	August 21, 2014
Steven P. Colmar	Director	August 21, 2014
Richard Rees	Director	August 21, 2014

EXHIBIT INDEX

Exhibit Number	Description
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99.1	Consent of Director nominee William R. Fields.
99.2	Consent of Director nominee Ronald V. Davella.

† Previously filed.

* To be filed by amendment.

Management contract or compensatory plan or arrangement.

Schedule of Omitted Documents
Exhibit 10.1 to Registration Statement on Form S-1
The Joint Corp.

Omitted Document	Material Details in Which Omitted Document Differs From Filed Document
Indemnification Agreement between The Joint Corp. and John B. Richards	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and David Orwasher	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and John Leonesio	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and Craig P. Colmar	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and Steven P. Colmar	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and Richard Rees	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and Dr. Fred Gerretzen	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and William R. Fields	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and Ronald V. Davella	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and Catherine B. Hall	Name of Indemnified Person
Indemnification Agreement between The Joint Corp. and Ronald Record	Name of Indemnified Person

Exhibit 10.6

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "Agreement") dated as of December 31, 2013 is made and entered into by and between The Joint Corp., a Delaware corporation (the "Company"), and David M. Orwasher (the "Executive").

WHEREAS, the Company wishes to retain the services of Executive as a senior executive of the Company who is expected to make major contributions to the short and long-term profitability, growth and financial strength of the Company; and

WHEREAS, Company and Executive believe that it is in their respective best interests to enter into and deliver this Agreement; and

WHEREAS, the Executive acknowledges that in the course of his employment by the Company, he will or may have access to and become informed of the Company's confidential information and will frequently come into contact with the Company's regional developers, franchisees and management such that the Executive will influence the business and relationships between the Company and its regional developers, franchisees and management; and

WHEREAS, the Executive has agreed to certain confidentiality, non-solicitation and non-competition agreements and acknowledges that the compensation and other benefits payable to the Executive hereunder represent adequate compensation for such agreements; and

WHEREAS, the Company recognizes that, as is the case for most companies, the possibility of a Change in Control (as defined below) exists; and

WHEREAS, the Company desires to ensure both present and future continuity of management and desires to establish certain severance benefits for the Executive, applicable in the event of the termination of the Executive's employment for reasons other than Cause (as defined below); and

WHEREAS, the Company desires to ensure that its senior executives are not practically disabled from discharging their duties in respect of a proposed or actual transaction involving a Change in Control and to provide certain benefits for the Executive, applicable in the event of a Change in Control.

NOW, THEREFORE, the Company and the Executive agree as follows:

1. **Certain Defined Terms.** In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

   (a) "Base Pay" means the Executive's annual base salary as provided in Section 5 of this Agreement, at a rate not less than the Executive's annual fixed or base compensation as in effect for Executive immediately prior to the occurrence of a Change in Control or such higher rate as may be determined from time to time after a Change in Control by the Board or a committee thereof.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means

(i) intentional engagement by the Executive in misconduct which is materially injurious to the Company, monetarily or otherwise;

(ii) intentional act by the Executive of fraud, embezzlement or theft in connection with his duties or in the course of his employment with the Company or any subsidiary;

(iii) intentional damage by the Executive to property of the Company or any subsidiary;

(iv) material breach of Section 14 or Section 15 hereof;

(v) intentional engagement by the Executive in any Competitive Activity;

(vi) intentional wrongful disclosure by the Executive of confidential information of the Company or any Subsidiary; or

(vii) the determination by unanimous vote of the Board then in office (excluding the Executive if he is a Director) that the Executive has demonstrated an objective, material inability to effectively discharge the duties given to the Executive under this Agreement such that same are directly and substantially injurious to the company; provided, however, that this subsection (vii) shall be void and have no further effect upon the earlier of (A) the Executive's relocation to the Scottsdale Arizona area or (B) 9 months from the date hereof.

For purposes of this Agreement, no act or failure to act on the Executive's part shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but it shall be deemed "intentional" only if it was not in good faith and without reasonable belief that his act or failure to act was in the Company's best interest. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for "Cause" hereunder unless and until the Executive receives a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds of the Board then in office (or the unanimous vote of the Board in the case of subsection (vii), and excluding the Executive if he is a Director) at a meeting of the Board called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with his counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive was guilty of conduct constituting "Cause" as herein defined and specifying the particulars thereof. Nothing herein will limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) "Change in Control" means the occurrence during the term of this Agreement of any of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 15% or more of the combined voting power of the then outstanding Voting Stock; provided, however, that for purposes of this Section 1(d)(i), the following acquisitions shall not constitute a Change in Control: (A) A Successful IPO as is defined hereinafter (B) a private financing that does not transfer more than 50% of the voting power of the Company (C) any acquisition by the Company, (D) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary or (E) any acquisition by the Company pursuant to a Business Combination (as defined below) that complies with clauses (I), (II) and (III) of subsection (iii) (B) of this Section 1(d);

(ii) when individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board except that any individual becoming a Director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the Directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination), and is not pursuant to a form of Business Combination as is hereinafter defined, shall be deemed to have been a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of (A) a reorganization, merger or consolidation (B) a sale or other disposition of all or substantially all of the assets of the Company (each, a "Business Combination"), unless, in each case, immediately following such Business Combination, (I) all or substantially all of the individuals and entities who were the beneficial owners of the common stock and all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other and the Executive as their ownership, immediately prior to such Business Combination, of the common stock and the Voting Stock of the Company, (II) no Person (other than the Company, such entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Subsidiary or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 15% or more of the then outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of such entity and (III) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with clauses (I), (II) and (III) of subsection (iii) (B) of this Section 1(d);

(e) "Competitive Activity" means the Executive's participation, without the written consent of the Board of the Company, directly or indirectly, as a shareholder, member, employee, officer, consultant or director of a business enterprise engaged in a "Restricted Business" if such enterprise engages in competition with the Company.

(f) "Disabled" means the Executive's incapacity due to physical or mental illness to substantially perform his duties on a full-time basis for six consecutive months unless the Executive returns to the full-time performance of the Executive's duties for a period of at least three consecutive months no later than 30 days after the Company has given the Executive a notice of termination. If the Executive disagrees with a determination to terminate him because the Company believes he is Disabled, the Company and the Executive, or in the event of the Executive's incapacity to designate a doctor, the Executive's legal representative, together shall choose a qualified medical doctor who shall determine whether the Executive is Disabled. If the Company and the Executive cannot agree on the choice of a qualified medical doctor, then the Company and the Executive each shall choose a qualified medical doctor and the two doctors together shall choose a third qualified medical doctor, who shall determine whether the Executive is Disabled. The determination of the chosen qualified medical doctor as to whether the Executive is Disabled shall be binding upon the Company and the Executive unless such determination is clearly made in bad faith.

(g) "Employee Benefits" means the perquisites, benefits and service credit for benefits as provided under any and all employee retirement income and welfare benefit policies, plans, programs or arrangements in which Executive is entitled to participate, including without limitation any stock option, stock purchase, stock appreciation, savings, pension, supplemental executive retirement, or other retirement income or welfare benefit, deferred compensation, incentive compensation, group or other life, health, medical/hospital or other insurance (whether funded by actual insurance or self-insured by the Company), disability, salary continuation, expense reimbursement and other employee benefit policies, plans, programs or arrangements that may now exist or any equivalent successor policies, plans, programs or arrangements that may be adopted hereafter by the Company, and/or pursuant to the terms of this Agreement, providing perquisites, benefits and service credit for benefits at least as great in the aggregate as are payable thereunder prior to a Change in Control.

(h) "Employment Provisions" means the provisions contained in sections 3 – 8 of this Agreement.

(i) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

(j) "Incentive Pay" means an annual amount equal to not less than the highest aggregate annual bonus, incentive or other payments of cash (or, if taken in lieu of cash, stock) compensation, in addition to Base Pay, made or to be made in regard to services rendered in any calendar year during the term of this agreement in the three calendar years immediately preceding the year in which a Change in Control occurs pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Company, or any successor thereto providing benefits at least as great as the benefits payable thereunder prior to a Change in Control.

(k) "Involuntary Termination" means the occurrence of any of the following: (i) the Company gives written notice to the Executive that the Company intends to terminate or adversely modify the terms of the Employment Provisions contained in this agreement, (ii) the Company reduces the Executive's title or base salary, Incentive Pay and/or benefits from those set forth in Section 5 of this Agreement, or (iii) unless otherwise agreed by the Executive, the Company relocates the Executive or his offices or the principal place where he is required to perform his duties hereunder farther than 50 miles from Scottsdale, Arizona.

(l) "Restricted Business" means (i) any business or division of a business which consists of providing chiropractic services, (ii) any business of a kind in whole or in part similar to that heretofore or hereafter engaged in by the Company or any of its subsidiaries, and (iv) any other principal line of business developed or acquired by the Company or its affiliates.

(m) "Subsidiary" means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding Voting Stock.

(n) "Successful IPO" means an initial public offering of the Company's common stock in which the market capitalization of the Company immediately following the initial public offering qualifies for listing on the NASDAQ national market exchange.

(o) "Termination Date" means the date on which the Executive's employment is terminated (the effective date of which shall be the date of termination, or such other date that may be specified by the Executive if the termination is pursuant to Section 10(b)).

(p) "Voluntary Termination" means the occurrence of any of the following: (i) the date two weeks after the Executive gives written notice to the Company that the Executive intends to terminate the Employment Provisions or if later, the date specified in such written notice, (ii) the Executive dies or (iii) the Executive becomes Disabled.

(q) "Voting Stock" means securities entitled to vote generally in the election of directors.

2. **Term.** The term of this Agreement commences on the date this Agreement is mutually executed and, subject to any benefit or compensation continuation requirements under applicable law and/or this Agreement, expires on the earliest of (i) an Involuntary Termination, (ii) a Voluntary Termination or (iii) three years from the date hereof.

3. **Employment.** The Company hereby agrees to employ the Executive, and the Executive hereby agrees to be employed by the Company, upon the terms and conditions herein set forth.

4. **Duties of the Executive.** The Executive shall serve as President and Chief Operating Officer of the Company. The Executive shall report directly to the Chief Executive Officer or in the absence of a Chief Executive Officer, to the Company's lead director. The Executive shall devote his full time and best efforts to the Company's business of providing chiropractic services through franchised and Company-owned clinics, the sale of franchises and any other related duties and responsibilities that may from time to time be prescribed by the Chief Executive Officer or lead director. So long as it does not interfere with the Executive's employment hereunder, the Executive may serve as an officer, director or otherwise participate in educational, welfare, social, religious and civic organizations.

5. **Compensation.**

(a) The Company shall pay the Executive an initial base salary of $310,000.00 per annum, payable at the times and in the manner consistent with the Company's general policies regarding compensation of senior executives. Such base salary includes any salary reduction contributions to (i) any Company-sponsored plan that includes a cash-or-deferred arrangement and employee contribution under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) any other Company-sponsored plan of deferred compensation or (iii) any Company-sponsored "cafeteria plan" under Section 125 of the Code.

(b) The Executive shall be entitled to earn cash incentive compensation under the Company's executive incentive compensation plan or such other management incentive program or arrangement as shall be approved by the Board, on the most favorable terms and conditions available to senior executive and management employees and shall be eligible thereunder to receive an annual cash incentive bonus in an amount equal to up to 50% of Executive's base salary for such fiscal year based on the achievement of objectives agreed to by the Executive and the Board or a committee of the Board. Such cash incentive compensation shall be payable for such fiscal year in two semi-annual installments following the determination of the extent to which such objectives have been met.

(c) Subject to shareholder approval to expand the Company's 2013 Stock Plan (the "Plan"), the Company will, immediately following such approval (i) grant to Executive as Restricted Stock (as defined in the Plan), 93,750 shares, and (ii) issue to Executive incentive stock options for 93,750 shares, together representing five percent (5%) of the Company's fully diluted Common Stock, par value $.001 per share (the "Common Stock") issued and outstanding as of the date of this Agreement. Such Restricted Stock and stock options so granted shall vest as follows:

(i) 37,500 shares of Restricted Stock ("Grant A") and 37,500 stock options ("Grant A Option"), shall vest over a 48 month period in consecutive, equal monthly installments beginning on the date of grant;

(ii) 56,250 shares of Restricted Stock ("Grant B") and 56,250 stock options ("Grant B Option"), will vest commencing upon the closing of a Successful IPO and over the ensuing consecutive 36 month period as follows: 50% of the shares in equal monthly installments during the consecutive, successive 12 months commencing on the date of the IPO; 30% in consecutive equal monthly installments commencing on the first anniversary of the IPO; and 20% of the shares in equal monthly installments during the 12 consecutive, successive months commencing on the second anniversary of the date of the IPO such that the total amount of Grant B and Grant B Option vested over this 36 month period shall equal 100%; and

(iii) The provisions of Subsections (i) and (ii) above notwithstanding, in the event the Company participates in a Business Combination during the term of this Agreement, as the same may be extended, in which the aggregate consideration received by the Company or its shareholders exceeds $30 million, then the number of shares granted Executive pursuant to Grant A and Grant B and Grant A Option and Grant B Option will vest immediately prior to the consummation of the Business Combination so that the total percentage of vested shares of Grant A, Grant A Option, Grant B and Grant B Option combined, immediately prior to the Business Combination, will equal the same percentage as the amount of consideration received by the Company or its shareholders in excess of $30,000,000 bears to $120,000,000.

Example: Assume the Company enters into a Business Combination in which the shareholders receive $90,000,000 in cash. The amount received by the shareholders in excess of $30,000,000 is $60,000,000. The percentage that $60,000,000 bears to $120,000,000 is 50%. Thus the Executive is entitled to full vesting of 50% of the combined Grant A, Grant A Option, Grant B and Grant B Option (including amounts already vested).

(d) The Executive will be eligible for annual grants of stock options under the Plan in the discretion of the Board or the Plan Administrator. To the extent permitted by applicable law and the terms and conditions of the Plan, the above-referenced stock options shall be "incentive stock options" as that term is defined under Section 422 of the Code and any remaining stock options shall be non-qualified stock options.

(e) Such options would become exercisable in equal, consecutive monthly amounts over a three year period commencing on the date of grant, except that in the event of a Successful IPO, the options would become exercisable in full. To the extent permitted by applicable law and the terms and conditions of the Plan, the above-referenced stock options shall be "incentive stock options" as that term is defined under Section 422 of the Code and any remaining stock options shall be non-qualified stock options.

6. **Benefits.** The Company shall make available to the Executive, subject to the terms and conditions of the applicable plans, including without limitation the eligibility rules, participation for the Executive and his eligible dependents in the Company-sponsored employee benefit plans or arrangements and such other usual and customary benefits now or hereafter generally available to employees of the Company and such benefits and perquisites as are made available to senior executives of the Company, including, without limitation, equity and cash incentive programs and supplemental retirement, deferred compensation and welfare plans.

7. **Expenses.** The Company shall pay or reimburse the Executive, in accordance with the general policies of the Company, for reasonable and necessary expenses incurred by the Executive in connection with his duties on behalf of the Company. In addition, for not more than 9 months from the date of the Executive's commencement of employment, the Company shall pay or reimburse the Executive an amount up to $8,000 per month for commuting and local residence expenses.

8. **Place of Performance.** In connection with his employment by the Company, the Executive shall be based at the Company's offices located in Scottsdale, Arizona. The Executive may commute from his current residence in New York for up to 9 months from the date of this Agreement provided that the Executive will be located in Scottsdale during normal business hours on average, not less than 4 days per week (unless traveling for business purposes).

9. **Termination Payments, Vesting and Exercise of Stock Grants and Options upon Involuntary Termination other than for Cause or Voluntary Termination due to Death or Disability.**

   (a) If an Involuntary Termination occurs other than for Cause and subject to the Executive entering into a release and settlement agreement with the Company on reasonable and customary terms, then

      (i) the Company shall pay the Executive, in accordance with the Company's regular payroll schedule but no less than on a bi-weekly basis, termination payments equal to the continuation of the Executive's base salary for a period of nine months thereafter (the "Payment Period");

      (ii) all unvested stock grants and stock options shall immediately vest; and

      (iii) the Executive shall have the right to exercise any and all vested stock options at any time not later than 90 days after the date of the Involuntary Termination.

   (b) If a Voluntary Termination due to Executive's death during the term of this Agreement occurs, then notwithstanding anything to the contrary in the Executive's stock option agreement(s) or certificate(s) or in the stock option plan(s) under which Executive's stock options were granted, (i) one-third of the unvested portion of all stock grants and stock options granted to Executive shall become immediately exercisable as of the date of Executive's death, and (ii) all other unvested stock grants and stock options held by Executive shall be immediately canceled. Executive's estate shall have a period of one year following Executive's death to exercise any vested and the aforementioned unvested stock options.

(c) If a Voluntary Termination due to Executive's becoming Disabled during the term of this Agreement occurs, then notwithstanding anything to the contrary in the Executive's stock option agreement(s) or certificate(s) or in the stock option plan(s) under which Executive's stock options were granted, (i) one-third of the unvested portion of all stock grants and stock options granted to Executive shall become immediately exercisable as of the date of Disability, and (ii) all other unvested stock grants and stock options held by Executive shall be immediately canceled. Executive shall have a period of one year following Executive's Disability to exercise any vested stock options.

(d) If the Executive dies while any amounts are payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid to the Executive's designated beneficiary, or, if none, then to the Executive's estate.

(e) Notwithstanding the foregoing, if the Executive breaches Sections 15 or 16 hereof, any right of the Executive to receive termination payments, to have the vesting of his stock grants or stock options accelerated or to have the period during which he may exercise his options extended under this Section 9 shall be forfeited, but without prejudice to any exercise of options that may have occurred prior to such forfeit, and the Executive shall reimburse the Company in full for all termination payments made to the Executive under this Section 9 no later than 30 days after the Company gives notice of such breach to the Executive.

10. **Termination Payments, Vesting and Exercise of Stock Grants and Options upon Termination for Cause or Voluntary Termination for Reasons Other Than Death or Permanent Disability.** If the Company terminates this Agreement for Cause or in the event of a Voluntary Termination for reasons other than the Executive's Death or Permanent Disability, the Company shall pay Executive the compensation and benefits otherwise payable to Executive under Section 5 through the date of termination. Executive's rights under any Restricted Stock grants or stock options with respect to the vesting or exercise of such Restricted Stock grants or stock options shall be determined under the terms of the Restricted Stock grant or Stock Option Agreement entered into between the Company and the Executive and this Agreement.

11. **Termination Following a Change in Control.**

(a) If at any time upon the occurrence of a Change in Control, Company terminates the Executive's employment, the Executive shall be entitled to the benefits provided by Sections 11 and 12 unless such termination is the result of the occurrence of one or more of the following events:

(i) The Executive's death;
(ii) The Executive's permanent disability; or
(iii) Cause.

(b) If at any time following the occurrence of a Change in Control the Executive shall be entitled to the benefits provided by Section 12 if one or more of the following events has occurred (regardless of whether any other reason, other than Cause as hereinabove provided, for such termination exists or has occurred, including without limitation other employment):

(i) Failure to maintain the Executive in the office or the position, or a substantially equivalent office or position, of or with the Company, which the Executive held immediately prior to a Change in Control;

(ii) a reduction in the aggregate of the Executive's Base Pay and Incentive Pay received from the Company and any Subsidiary from that earned immediately prior to the Change in Control or the termination or denial of the Executive's rights to Employee Benefits or a reduction in the scope or value thereof from that earned immediately prior to the Change in Control, any of which is not remedied by the Company no later than 10 calendar days after receipt by the Company of written notice from the Executive of such change, reduction or termination, as the case may be;

(iii) determination by the Executive (which determination will be conclusive and binding upon the parties hereto if it was made in good faith and in all events will be presumed to have been made in good faith unless otherwise shown by the Company by clear and convincing evidence) that a change in circumstances has occurred following a Change in Control, including, without limitation, a change in the scope of the business or other activities for which the Executive was responsible immediately prior to the Change in Control, which has rendered the Executive substantially unable to carry out, has substantially hindered Executive's performance of, or has caused Executive to suffer a material reduction in, any of the authorities, powers, functions, responsibilities or duties attached to the position held by the Executive immediately prior to the Change in Control, which situation is not remedied no later than 10 calendar days after receipt by the Company of written notice from the Executive of such determination;

(iv) The liquidation, dissolution, merger, consolidation or reorganization of the Company or transfer of all or substantially all of its business and/or assets, unless the successor or successors (by liquidation, merger, consolidation, reorganization, transfer or otherwise) to which all or substantially all of its business and/or assets have been transferred (directly or by operation of law) assumed all duties and obligations of the Company under this Agreement pursuant to Section 24(a) and Executive's total compensation package remains unchanged from the Company and any Subsidiary from that earned immediately prior to the Change in Control;

(v) The Company relocates its principal executive offices, or requires the Executive to have his principal location of work changed, to any location that is in excess of 50 miles from the location thereof immediately prior to the Change in Control without his prior written consent; or

(vi) Without limiting the generality or effect of the foregoing, any material breach of this Agreement by the Company or any successor thereto which is not remedied by the Company within 10 calendar days after receipt by the Company of written notice from the Executive of such breach.

A termination by the Company pursuant to Section 11(a) or by the Executive pursuant to Section 11(b) will not affect any rights that the Executive may have pursuant to any agreement, policy, plan, program or arrangement of the Company providing Employee Benefits, which rights shall be governed by the terms thereof, except for any rights to severance compensation to which Executive may be entitled upon termination of employment under Section 9.

12. **Severance Compensation Following Change in Control.**

(a) If at any time the Company terminates the Executive's employment pursuant to Section 11(a) or the Executive terminates his employment pursuant to Section 11(b),

(i) the Company shall pay the Executive, in accordance with the Company's regular payroll schedule, termination payments equal to the continuation of the Executive's base salary for a period of nine months thereafter (the "Payment Period");

(ii) all unvested stock grants and stock options under Grant A and Grant A Option (if prior to a Successful IPO) and all unvested stock grants under Grant A, Grant A Option and Grant B and Grant B Option if after a Successful IPO) and stock options shall immediately vest; and

(iii) the Executive shall have the right to exercise any and all vested stock options at any time not later than 90 days after the date of termination.

(b) Without limiting the rights of the Executive at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder on a timely basis, the Company shall pay interest on the amount or value thereof at an annualized rate of interest equal to the so-called composite "prime rate" plus 600 basis points as quoted from time to time during the relevant period in the Midwest Edition of *The Wall Street Journal*. Such interest shall be payable as it accrues on demand. Any change in such prime rate shall be effective on and as of the date of such change.

(c) Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under this Section 12 and under Sections 13 and 16 shall survive any termination or expiration of this Agreement or the termination of the Executive's employment following a Change in Control for any reason whatsoever.

13. **Limitation on Payments and Benefits.** Notwithstanding any provision of this Agreement to the contrary, if any amount or benefit to be paid or provided under this Agreement would be an "Excess Parachute Payment," within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision thereto, but for the application of this sentence, then the payments and benefits to be paid or provided under this Agreement shall be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment except that the foregoing reduction shall be made only if and to the extent that such reduction would result in an increase in the aggregate payment and benefits to be provided, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income taxes). The determination of whether any reduction in such payments or benefits to be provided under this Agreement or otherwise that is required pursuant to the preceding sentence shall be made at the expense of the Company, if requested by the Executive or the Company, by the Company's independent accountants. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 13 shall not of itself limit or otherwise affect any other rights of the Executive other than pursuant to this Agreement. In the event that any payment or benefit intended to be provided under this Agreement or otherwise is required to be reduced pursuant to this Section 13, the Executive shall be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this Section 13. The Company shall provide the Executive with all information reasonably requested by the Executive to permit the Executive to make such designation. In the event that the Executive fails to make such designation within 10 business days of the Termination Date, the Company may effect such reduction in any manner it deems appropriate.

14. **No Mitigation Obligation.** The Company hereby acknowledges that it will be difficult and may be impossible for the Executive to find reasonably comparable employment following the Termination Date and that the non-competition covenant contained in Section 15 will further limit the employment opportunities for the Executive. Accordingly, the Company acknowledges that the payment of the severance compensation by the Company to the Executive in accordance with the terms of this Agreement is reasonable and that the Executive will not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor will any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of the Executive hereunder or otherwise, except as expressly provided in the last sentence of Section 12(a).

15. **Confidentiality Agreement.**

(a) The Executive acknowledges that in the course of his employment by the Company, he will or may have access to and become informed of confidential and secret information that is a competitive asset of the Company ("Confidential Information"), including, without limitation, (i) the terms of agreements between the Company and its employees, regional developers, franchisees and suppliers (ii) pricing strategy, (iii) sales and marketing methods, (iv) product development ideas and strategies, (v) personnel and franchisee training and development programs, (vi) financial results, (vii) strategic plans and demographic analyses, (viii) proprietary computer and systems software and (ix) any non-public information concerning the Company, its employees, regional developers, franchisees, suppliers and customers. Regardless of any actual or alleged breach by the Company of this Agreement, the Executive shall keep all Confidential Information in strict confidence and shall not directly or indirectly make known, divulge, reveal, furnish, make available or use any Confidential Information (except in the course of his regular authorized duties on behalf of the Company) until and unless such Confidential Information becomes, through no fault of the Executive, generally known to the public or the Executive is required by law to make disclosure (after giving the Company reasonable notice and an opportunity to contest such requirement). The Executive's obligations under this Section 15 are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which the Executive may have to the Company under general legal or equitable principles.

(b) Except in the ordinary course of the Company's business, the Executive has not made and shall never make or cause to be made, any copies, pictures, duplicates, facsimiles or other reproductions or recordings or any abstracts or summaries including or reflecting Confidential Information. All such documents and other property furnished to the Executive by the Company or otherwise acquired or developed by the Company shall at all times be the property of the Company. Upon a Voluntary Termination or Involuntary Termination, the Executive shall return to the Company any such documents or other property of the Company which are in the possession, custody or control of the Executive.

16. **Covenant not to Compete; No Inducement; No Solicitation.** In consideration for the Executive's employment hereunder and the Company's providing the Executive with confidential information and contacts with the Company's customers and accounts,

(a) during the term of the Employment Provisions and (A) after an Involuntary Termination for Cause, for a period of three years after such Involuntary Termination, (B) after an Involuntary Termination other than for Cause, during the Payment Period or (C) after a Voluntary Termination, if prior to the date of the Voluntary Termination the Company agrees to pay Executive all of the termination payments set forth in Section 9(a) hereof, for a period of two years after such Voluntary Termination, the Executive shall not, without the prior written consent of the Company (which consent may be withheld for any reason or no reason), directly or indirectly or by action in concert with others, own, manage, operate, join, control, perform consulting services for, be employed by, participate in or be connected with any business, enterprise or other entity (or the ownership, management, operation, or control of any such business, enterprise or other entity) (a "Competing Enterprise") engaged anywhere in the United States in the Restricted Business. Notwithstanding the foregoing, Executive may make purely passive investments on behalf of himself, his immediate family or any trust in public companies engaged in a Competing Enterprise so long as the aggregate interest represented by such investments does not exceed 1% of any class of the outstanding debt or equity securities of any Competing Enterprise.

(b) during the term of the Employment Provisions and (A) after an Involuntary Termination for Cause, for a period of three years after such Involuntary Termination, (B) after an Involuntary Termination other than for Cause, during the Payment Period or (C) after a Voluntary Termination, if prior to the date of the Voluntary Termination the Company agrees to pay Executive all of the termination payments set forth in Section 9(a) hereof, for a period of three years after such Voluntary Termination, the Executive shall not, directly or indirectly, in any capacity, on his own behalf or on behalf of any other firm, person or entity, induce or attempt to induce any regional developer, franchisee or clinic manager of the Company to cease doing business in whole or in part with the Company, solicit the business of any such person for any Restricted Business or otherwise create any ill will or negative publicity with respect to the Company.

(c) during the term of the Employment Provisions and (A) after an Involuntary Termination for Cause, for a period of three years after such Involuntary Termination, (B) after an Involuntary Termination other than for Cause, during the Payment Period or (C) after a Voluntary Termination, if prior to the date of the Voluntary Termination the Company agrees to pay Executive all of the termination payments set forth in Section 9(a) hereof, for a period of three years after such Voluntary Termination, the Executive shall not, directly or indirectly, in any capacity, on his own behalf or on behalf of any other firm, person or entity, undertake or assist in the solicitation of any Company employee (including without limitation, employees of Company franchisees), to terminate his or her employment with the Company or with a Company franchisee.

(d) during a period ending one year following the Termination Date, if the Executive has received or is receiving benefits under Section 12, the Executive shall not, without the prior written consent of the Company, which consent shall not be unreasonably withheld, engage in any Competitive Activity.

17**.** **Employment Rights.** Nothing expressed or implied in this Agreement shall create any right or duty on the part of the Company or the Executive to have the Executive remain in the employment of the Company prior to or following any Change in Control. Any termination of employment of the Executive or the removal of the Executive from the office or position in the Company following the commencement of any discussion with a third person that ultimately results in a Change in Control shall be deemed to be a termination or removal of the Executive after a Change in Control for purposes of this Agreement.

18. **Withholding of Taxes.** The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any law or government regulation or ruling.

19. **Specific Enforcement.** The Executive acknowledges and agrees that a violation of Sections 15 or 16 hereof that results in material detriment to the Company would cause irreparable harm to the Company, and that the Company's remedy at law for any such violation would be inadequate. In recognition of the foregoing, the Company shall have the right, in addition to any other relief afforded by law or this Agreement, including damages, but specifically excluding any consequential or punitive damages sustained by a breach of this Agreement and any forfeitures under Section 9, and without any necessity or proof of actual damages, to enforce this Agreement by specific remedies, including, among other things, temporary and permanent injunctions, it being the understanding of the Company and the Executive that damages, the forfeitures described above and injunctions shall all be proper modes of relief and shall not be considered alternative remedies.

20. **Arbitration.** Any dispute between the parties under this Agreement shall be resolved (except as provided below) through informal arbitration by an arbitrator selected under the rules of the American Arbitration Association (located in Phoenix, Arizona) and the arbitration shall be conducted in that location under the rules of said Association. Each party shall be entitled to present evidence and argument to the arbitrator. The arbitrator shall have the right only to interpret and apply the provisions of this Agreement and may not change any of its provisions. The arbitrator shall permit reasonable pre-hearing discovery of facts to the extent necessary to establish a claim or a defense to a claim, subject to supervision by the arbitrator. The determination of the arbitrator shall be conclusive and binding upon the parties and judgment upon the same may be entered in any court having jurisdiction thereof. The arbitrator shall give written notice to the Company and the Executive stating its determination, and shall furnish to each party a signed copy of such determination. The expenses of arbitration shall be borne equally by the Executive and the Company or as the arbitrator shall otherwise equitably determine.

Notwithstanding the foregoing, the Company nor the Executive shall not be required to seek or participate in arbitration regarding any breach of Sections 15 or 16, but may pursue its remedies for such breach in any court of competent jurisdiction in the State of Arizona. Any arbitration or action pursuant to this Section 20 shall be governed by and construed in accordance with the substantive laws of the State of Arizona, without giving effect to the principles of conflict of laws of such State.

21. **Notices.** For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof confirmed), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service (such as Federal Express or UPS) addressed to the Company (to the attention of the Secretary of the Company) at its principal executive office and to the Executive at his principal residence, or to such other address as either party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

22. **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by and construed in accordance with the substantive laws of the State of Arizona, without giving effect to the principles of conflict of laws of such State.

23. **Agreement.** This Agreement contains all of the covenants and agreements between the parties with respect to such subject matter. Each party to this Agreement acknowledges that no representations, inducements, promises, or other agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, pertaining to the subject matter hereof, that are not embodied herein, and that no other agreement, statement or promise pertaining to the subject matter hereof that is not contained in this Agreement shall be valid or binding on either party.

24. **Successors and Binding Agreement.**

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither the Company nor the Executive shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 24(a) and 24(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 24(c), the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

25. **Validity.** If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

26. **Miscellaneous.** No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Unless otherwise noted, references to "Sections" are to sections of this Agreement. The captions used in this Agreement are designed for convenient reference only and are not to be used for the purpose of interpreting any provision of this Agreement.

27. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same agreement.

28. **Effective Date.** Notwithstanding anything to the contrary herein, this Agreement shall not become effective unless and until the Board approves this Agreement. Upon receipt of such approval, this Agreement shall become immediately effective.

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date first above written [1].

The Joint Corp.

/s/ John Leonesio
By: John Leonesio
Its: Chief Executive Officer

/s/ David M. Orwasher
David M. Orwasher

Exhibit 10.9

Orwasher

Stock Option Agreement

(Incentive Stock Option Under
The Joint Corp. 2012 Stock Plan)

Subject to the following Terms of Option, The Joint Corp., a Delaware corporation (the "Company"), grants to the following employee of the Company ("Employee), as of the following grant date (the "Grant Date"), an incentive stock option (the "Option") to purchase the following number of shares of the Company's common stock, par value $.001 per share (the "Option Shares"), at the following purchase price per share (the "Exercise Price"), exercisable in installments in accordance with the following vesting schedule, subject to expiration on the following expiration date (the "Expiration Date"):

Employee:	David M. Orwasher
Grant Date:	January 1, 2014
Number of Option Shares:	93,750 Option Shares, in respect of 37,500 shares of which the Option is designated the "Grant A Option" and in respect of 56,250 shares of which the Option is designated the "Grant B Option"
Exercise Price:	$2.13 per Option Share
Vesting schedule:	See Paragraphs 3 and 4 of Terms of Option
Expiration Date:	January 1, 2024

Terms of Option

1. **Plan**

This Option has been granted under The Joint Corp. 2012 Stock Plan (the "Plan") and pursuant to Section 5(c) of the Employment Agreement dated as of December __, 2013, that the Executive has entered into with the Company (the "Employment Agreement").

The Plan and Employment Agreement are incorporated in this Award by reference. Capitalized terms used in this Award without being defined have the same meanings that they have in the Plan or the Employment Agreement, as applicable.

2. **Exercisability**

The Option may be exercised in whole or in part at any time prior to its Expiration Date to the extent that it is vested at the time of exercise.

Any vested portion of the Option that remains unexercised shall expire on the Option's Expiration Date, subject to earlier expiration as provided in Paragraph 4 of this Agreement.

3. **Vesting**

Subject to Paragraph 4, the Option shall vest as follows:

(a) The Grant A Option for 37,500 Option Shares shall vest in 48 monthly installments of 781 Option Shares each for the first 36 monthly installments and 782 Option Shares each for the last 12 monthly installments, with the monthly installments beginning on the Grant Date and continuing on the first day of the month for the next 47 months.

(b) If there is a Successful IPO during the term of the Employment Agreement (as the term of the Employment Agreement may be extended), the Grant B Option for 56,250 Option Shares shall vest over a 36-month period beginning on the date of closing of the IPO as follows:

(1) 28,125 Option Shares shall vest in 12 monthly installments of 2,344 Option Shares each for the first nine monthly installments and 2,343 Option Shares each for the last three monthly installments, with the monthly installments beginning on the date of closing of the Successful IPO and continuing on the first day of the month for the next 11 months;

(2) 16,875 Option Shares shall vest in 12 monthly installments of 1,407 Option Shares each for the first three monthly installments and 1,406 Option Shares each for the last nine monthly installments, with the monthly installments beginning on the date of the first anniversary of the closing of the Successful IPO and continuing on the first day of the month for the next 11 months; and

(3) 11,250 Option Shares shall vest in 12 equal monthly installments of 938 Option Shares each for the first six monthly installments and 937 Option Shares each for the last six monthly installments, with the monthly installments beginning on the date of the second anniversary of the closing of the Successful IPO and continuing on the first day of the month for the next 11 months.

Except as provided in the following subparagraph (c), none of the 56,250 Grant B Option Shares shall vest if a Successful IPO does not occur during the term of the Employment Agreement (as the term of the Employment Agreement may be extended).

(c) Notwithstanding anything to the contrary in the preceding subparagraphs (a) and (b), if

(1) the Company participates in a Business Combination during the term of the Employment Agreement (as the term of the Employment Agreement may be extended) and

2) the aggregate consideration received by the Company or its stockholders in the Business Combination exceeds $30,000,000,sufficient unvested Grant A and Grant B Option Shares shall vest immediately prior to the closing of the Business Combination so that, taking into account Grant A and Grant B Option Shares that have previously vested, the vested Grant A and Grant B Option Shares immediately prior to the closing of the Business Combination are the same percentage of the 93,750 Option Shares as the aggregate consideration received by the Company or its stockholders in the Business Combination in excess of $30,000,000 is to $120,000,000. Section 5(c)(iii) of the Employment Agreement contains an illustration of the operation of this provision.

4. **Voluntary and Involuntary Terminations**

Notwithstandinganything to the contrary in Paragraph 3:

(a) in the event of a Voluntary Termination for any reason other than Employee's death or becoming Disabled, (i) the unvested portion of the Option shall lapse and be canceled as of the date of the Voluntary Termination and (ii) the vested portion of the Option shall expire on the earlier of the date 90 days after the date of the Voluntary Termination or the Option's Expiration Date;

(b) in the event of a Voluntary Termination by reason of Employee's death or becoming Disabled, (i) one-third of the unvested portion of the Option as of the date of the Voluntary Termination shall vest on such date, (ii) the remaining unvested portion of the Option shall lapse and be canceled and (iii) the vested portion of the Option (including the unvested portion becoming vested pursuant to clause (i)) shall expire on the earlier of the first anniversary of Employee's Voluntary Termination or the Option's Expiration Date;

(c) in the event of an Involuntary Termination other than for Cause, and subject to the Executive's entering into a release and settlement agreement with the Company as described in Section 9(a) of the Employment Agreement, (i) the unvested portion of the Option as of the date of the Involuntary Termination shall vest on such date and (ii) the vested portion of the Option (including the unvested portion becoming vested pursuant to clause (i)) shall expire on the earlier of the date 90 days after the date of the Involuntary Termination or the Option's Expiration Date;

(d) in the event of an Involuntary Termination for Cause, (i) the unvested portion of the Option shall lapse and be canceled as of the date of the Involuntary Termination and (ii) the vested portion of the Option shall expire on the earlier of the date 90 days after the date of the Involuntary Termination or the Option's Expiration Date; and

(e) if the Company terminates Employee's employment following the occurrence of a Change in Control, or if under Section 11(b) of the Employment Agreement Employee becomes entitled to the benefits under Section 12 of the Employment Agreement following the occurrence of a Change in Control, (i) the unvested portion of the Option as of the date of such termination or entitlement shall vest on such date and (ii) the vested portion of the Option (including the unvested portion becoming vested pursuant to clause (i)) shall expire on the earlier of the date 90 days after the date of such termination or entitlement or the Option's Expiration Date.

5. **Manner of Exercise**

The Option may be exercised in respect of a whole number of Option Shares (and only in respect of a whole number) by:

(a) written notice of exercise to the Administrator (or the Administrator's designee) at the Company's principal executive offices which is received prior to the Option's Expiration Date; together with

(b) full payment of the Exercise Price of the Option Shares in respect of which the Option is exercised; and

(c) full payment of an amount equal to the Company's federal, state and local withholding tax obligation, if any, in connection with the Option's exercise.

In addition, the exercise of the Option shall be subject to any procedures and policies in effect at the time of exercise that the Administrator has adopted to administer the Plan.

6. **Manner of Payment**

Employee's payment of the Exercise Price of the Option Shares in respect of which the Option is exercised, and his payment of the Company's withholding tax obligation, if any, in connection with the exercise, shall be made by certified or bank cashier's check or by a wire transfer of immediately available funds or, if previously approved by the Administrator, by a personal check.

In addition, payment may be made in any other manner authorized by the Plan and specifically permitted by the Administrator at the time of exercise.

7. **Transferability**

The Option may not be transferred, assigned or pledged (whether by operation of law or otherwise), except as provided by will or the applicable laws of intestacy. The Option shall not be subject to execution, attachment or similar process.

8. **Interpretation**

This Agreement is subject to the terms of the Plan, as the Plan may be amended, but except as required by applicable law, no amendment of the Plan after the Grant Date shall adversely affect Employee's rights in respect of the Option without Employee's consent.

If there is a conflict or inconsistency between this Agreement and the Plan, the terms of the Plan shall control. The Administrator's interpretation of this Agreement and the Plan shall be final and binding.

9. **No Employment Rights**

Nothing in this Agreement shall be considered to confer on Employee any right to continue in the employ of the Company or a Subsidiary or to limit the right of the Company or a Subsidiary to terminate Employee's employment.

10. **No Stockholder Rights**

Employee shall not have any rights as a stockholder of the Company in respect of any of the Option Shares unless and until Option Shares are issued to Employee following his or her exercise of the Option.

11. **Governing Law**

This Agreement shall be governed in accordance with the laws of the State of Arizona.

12. **Binding Effect**

This Agreement shall be binding on the Company and Employee and on the Company's successors and Employee's heirs and legal representatives.

13. **Effective Date**

This Agreement shall not become effective until Employee's acceptance of this Agreement. Upon such acceptance, this Agreement shall become effective, retroactive to the Grant Date without the necessity of further action by either the Company or Employee.

The Joint Corp.

By /s/ John Leonesio
Name: John Leonesio
Title: CEO

Acceptance by Employee

I accept this Stock Option Agreement and agree to be bound by all of its terms. I acknowledge receipt of a copy of the Plan.

/s/ David M. Orwasher
David M. Orwasher

Exhibit 10.10

Stock Option Agreement

(Incentive Stock Option Under
The Joint Corp. 2014 Stock Plan)

Subject to the following terms, The Joint Corp., a Delaware corporation (the **Company**), grants to the following employee of the Company (**Employee**), as of the following grant date (the **Grant Date**), an incentive stock option (the **Option**) to purchase the following number of shares of the Company's common stock, par value $.001 per share (the **Option Shares**), at the following purchase price per share (the **Exercise Price**), exercisable in installments in accordance with the following vesting schedule, subject to expiration on the following expiration date (the **Expiration Date**):

Employee:	Catherine Hall
Grant date:	May 15, 2014
Number of option shares:	40,000
Exercise price per share:	$3.60
Vesting schedule:	One-sixteenth of the Option Shares will vest on the last day of each calendar quarter beginning with the quarter ending September 30, 2014
Expiration date of option:	May 14, 2024

Terms of Option

1. **Plan**

The Option has been granted under the The Joint Corp. Inc. 2014 Incentive Stock Plan (the **Plan**), which is incorporated in this Agreement by reference. Capitalized terms used in this Agreement without being defined (for example, the term "Administrator") have the same meanings that they have in the Plan.

2. **Exercisability**

The Option may be exercised in whole or in part at any time prior to the its Expiration Date to the extent that it is vested at the time of exercise.

Any vested portion of the Option that remains unexercised shall expire on the Option's Expiration Date, subject to earlier expiration as provided in Paragraph 5 of this Agreement.

Any unvested portion of the Option shall expire on the date that Employee's employment by the Company terminates (Employee's **Termination Date**) unless Employee's employment terminated by reason of his or her death of Disability, in which case the Option shall become fully vested as of Employee's Termination Date.

The Option shall become fully vested upon a Change in Control prior to Employee's Termination Date.

3. **Manner of Exercise**

The Option may be exercised in respect of a whole number of Option Shares (and only in respect of a whole number) by:

(a) written notice of exercise to the Administrator (or the Administrator's designee) at the Company's principal executive offices which is received prior to the Option's Expiration Date; together with

(b) full payment of the Exercise Price of the Option Shares in respect of which the Option is exercised; and

(c) full payment of an amount equal to the Company's federal, state and local withholding tax obligation, if any, in connection with the Option's exercise.

In addition, the exercise of the Option shall be subject to any procedures and policies in effect at the time of exercise that the Administrator has adopted to administer the Plan.

4. **Manner of Payment**

Employee's payment of the Exercise Price of the Option Shares in respect of which the Option is exercised, and his or her payment of the Company's withholding tax obligation, if any, in connection with the exercise, shall be made by certified or bank cashier's check or by a wire transfer of immediately available funds or, if previously approved by the Administrator, by a personal check.

In addition, payment may be made in any other manner authorized by the Plan and specifically permitted by the Administrator at the time of exercise.

5. **Early Expiration of Option**

The vested portion of the Option shall expire on the earlier of (i) 90 days after Employee's Termination Date or (ii) the Option's Expiration Date, unless Employee's employment terminated by reason of his or her death or Disability. In this case, the Option shall expire on the earlier of (i) the first anniversary of Employee's Termination Date or (ii) the Option's Expiration Date. In any case, the exercisability of the Option may be extended by the Administrator, in the Administrator's sole discretion, to any date ending on or before the Option's Expiration Date.

6. **Confidentiality and Nonsolicitation Agreement**

This Agreement and the grant of the Option are subject to Employee's agreement to enter into the confidentiality and nonsolicitation agreement which has been provided to Employee (the **Nonsolicitation Agreement**. The Company would not have granted the Option to Employee without Employee's agreement to enter into the Nonsolicitation Agreement.

7. **Transferability**

The Option may not be transferred, assigned or pledged (whether by operation of law or otherwise), except as provided by will or the applicable laws of intestacy. The Option shall not be subject to execution, attachment or similar process.

8. **Interpretation**

This Agreement is subject to the terms of the Plan, as the Plan may be amended, but except as required by applicable law, no amendment of the Plan after the Grant Date shall adversely affect Employee's rights in respect of the Option without Employee's consent.

If there is a conflict or inconsistency between this Agreement and the Plan, the terms of the Plan shall control. The Administrator's interpretation of this Agreement and the Plan shall be final and binding.

9. **No Employment Rights**

Nothing in this Agreement shall be considered to confer on Employee any right to continue in the employ of the Company or a Subsidiary or to limit the right of the Company or a Subsidiary to terminate Employee's employment.

10. **No Stockholder Rights**

Employee shall not have any rights as a stockholder of the Company in respect of any of the Option Shares unless and until Option Shares are issued to Employee following his or her exercise of the Option.

11. **Governing Law**

This Agreement shall be governed in accordance with the laws of the State of Arizona.

12. **Binding Effect**

This Agreement shall be binding on the Company and Employee and on the Company's successors and Employee's heirs and legal representatives.

13. **Effective Date**

This Agreement shall not become effective until Employee's acceptance of this Agreement and Employee's entering into the Nonsolicitation Agreement. Upon such events, this Agreement shall become effective, retroactive to the Grant Date, without the necessity of further action by either the Company or Employee.

[Signatures appear on the following page.]

The Joint Corp.

By /s/ John B. Richards
Name: John B. Richards
Title: CEO

Acceptance by Employee

I accept this Stock Option Agreement and agree to be bound by all of its terms. I acknowledge receipt of a copies of the Plan and the Nonsolicitation Agreement, and I agree to enter into the Nonsolicitation Agreement.

/s/ Catherine B. Hall
Name: Catherine Hall

Exhibit 10.11

Richards

Restricted Stock Award

(The Joint Corp. 2012 Stock Plan)

Subject to the following Terms of Award, The Joint Corp., a Delaware corporation (the "Company"), hereby grants to John B. Richards, a consultant to the Company (the "Consultant"), 225,000 restricted shares of the Company's Common Stock, par value $.001 per share (the "Restricted Shares"), in two tranches, the first tranche consisting of 37,500 Restricted Shares ("Grant A") and the second tranche consisting of 187,500 Restricted Shares ("Grant B"), as of January 1, 2014 (the "Grant Date").

Terms of Award

1. **Plan and Employment Agreement**

This Award has been granted under The Joint Corp. 2012 Stock Plan (the "Plan"). The Plan is incorporated in this Award by reference.

Capitalized terms used in this Award without being defined, either in the attached **Exhibit A** or parenthetically in the body of this Award, have the same meanings that they have in the Plan.

2. **Vesting**

Subject to Paragraph 3, the Restricted Shares shall vest as follows:

(a) The 37,500 Grant A Restricted Shares shall vest in 48 monthly installments of 782 Restricted Shares each for the first 36 monthly installments and 781 Restricted Shares each for the last 12 monthly installments, with the monthly installments beginning on the Grant Date and continuing on the first day of the month for the next 47 months.

(b) If there is a Successful IPO during the Service Term, the 187,5000 Grant B Restricted Shares shall vest over a 36-month period beginning on the date of closing of the IPO as follows:

(1) 93,750 Grant B Restricted Shares shall vest in 12 monthly installments of 7,813 Restricted Shares each for the first six monthly installments and 7,812 Restricted Shares each for the last six monthly installments, with the monthly installments beginning on the date of closing of the Successful IPO and continuing on the first day of the month for the next 11 months;

(2) 56,250 Grant B Restricted Shares shall vest in 12 monthly installments of 4,688 Restricted Shares each for the first six monthly installments and 4,687 Restricted Shares each for the last six monthly installments, with the monthly installments beginning on the date of the first anniversary of the closing of the Successful IPO and continuing on the first day of the month for the next 11 months; and

(3) 37,500 Grant B Restricted Shares shall vest in 12 equal monthly installments of 3,125 Restricted Shares each, with the monthly installments beginning on the date of the second anniversary of the closing of the Successful IPO and continuing on the first day of the month for the next 11 months.

Except as provided in the following subparagraph (c), none of the 187,500 Grant B Restricted Shares shall vest if a Successful IPO does not occur during the Service Term.

(c) Notwithstanding anything to the contrary in the preceding subparagraphs (a) and (b), if

(1) the Company participates in a Business Combination during the Service Term and

(2) the aggregate consideration received by the Company or its stockholders in the Business Combination exceeds $30,000,000,

sufficient unvested Grant A and Grant B Restricted Shares shall vest immediately prior to the closing of the Business Combination so that, taking into account Grant A and Grant B Restricted Shares that have previously vested, the vested Grant A and Grant B Restricted Shares immediately prior to the closing of the Business Combination are the same percentage of the 225,000 Restricted Shares as the aggregate consideration received by the Company or its stockholders in the Business Combination in excess of $30,000,000 is to $120,000,000.

3. **Voluntary and Involuntary Terminations**

Notwithstanding anything to the contrary in Paragraph 2:

(a) in the event of a Voluntary Termination for any reason other than the Consultant's death or becoming Disabled, the Consultant's rights in respect of and interest in all unvested Restricted Shares as of the date of the Voluntary Termination shall lapse and those shares shall be canceled;

(b) in the event of a Voluntary Termination by reason of the Consultant's death or becoming Disabled, one-third of the unvested Restricted Shares as of the date of the Voluntary Termination shall vest on such date, and the Consultant's rights in respect of and interest in the remaining unvested Restricted Shares shall lapse and those shares shall be canceled;

(c) in the event of an Involuntary Termination other than for Cause, and subject to the Consultant's entering into a release and settlement agreement with the Company reasonably satisfactory to the parties, all unvested Restricted Shares as of the date of the Involuntary Termination shall vest on such date;

(d) in the event of an Involuntary Termination for Cause, the Consultant's rights in respect of and interest in all unvested Restricted Shares as of the date of the Involuntary Termination shall lapse and those shares shall be canceled; and

(e) if the Company terminates the Consultant's employment following the occurrence of a Change in Control, all unvested Restricted Shares as of date of such termination or entitlement shall vest on such date.

4. **Other Agreements**

This Award is subject to the condition that the Consultant becomes a party to and bound by (i) the Stockholders Agreement dated as of March 10, 2010 entered into by the Company and certain of its stockholders (the "Stockholders Agreement") and (ii) the Right of First Refusal and Tag Along Rights Agreement dated as of March 10, 2010 entered into by the Company and certain of its stockholders (the "Right of First Refusal Agreement").

By acceptance of this Award, the Consultant agrees to be a party to and bound by the Stockholders Agreement and the Right of First Refusal Agreement as if he were an original signatory to each of those agreements, and in this regard, he agrees to sign any joinder agreement or instrument of accession that may be required.

5. **Stock Certificates**

The Company shall be the custodian for all shares of Restricted Stock. Reasonably promptly following the Consultant's written request after any unvested Restricted Shares have become vested, the Company shall issue and deliver to the Consultant a stock certificate in the Consultant's name representing those vested Restricted Shares on the Company's stock records.

Each stock certificate issued to the Consultant shall bear a legend substantially in the following form:

> The shares of the Common Stock, par value $.001 per share (these "Shares"), of The Joint Corp., a Delaware corporation (the "Company"), represented by this Certificate are subject to the Stockholders Agreement dated as of March 10, 2010 entered into by the Company and certain of its stockholders (as it may be amended or superseded, the "Stockholders Agreement"), a copy of which may be obtained from the Company upon written request); and by accepting any interest in these Shares the person accepting such interest shall be deemed to agree to and shall become bound by all of the provisions of the Stockholders Agreement.

6. **Voting and Distributions**

The Consultant shall have the right to vote all vested Restricted Shares, and shall be entitled to all dividends and distributions in respect of vested Restricted Shares, in either case regardless of whether a stock certificate representing those shares has been issued to the Consultant.

The Consultant shall not have the right to vote any unvested Restricted Shares. All dividends and distributions in respect of unvested Restricted Shares (for example, shares of the Company's Common Stock issued by reason of a stock split, reverse stock split or stock dividend) shall be treated as additional unvested Restricted Shares subject to the terms of this Award.

7. **Tax Liability**

Unless the Consultant has made a timely election under section 83(b) of the Internal Revenue Code of 1986 to be taxed as of the Grant Date rather than as the Restricted Shares become vested, the Company shall have the right, upon the vesting of any Restricted Shares, to deduct or withhold, or require the Consultant to remit to the Company, an amount sufficient to satisfy the federal, state, local and other taxes (including the Participant's FICA obligation) that the Company is required to withhold by reason of such vesting. The Company may permit the Consultant to satisfy this withholding obligation by any of the methods described in Section 14(b) of the Plan.

8. **Transferability**

This Award may not be transferred, assigned or pledged (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

9. **Interpretation**

This Award is subject to the terms of the Plan, as the Plan may be amended (but except as required by applicable law, no amendment of the Plan after the Grant Date shall adversely affect the Consultant's rights in respect of the Award without the Consultant's consent).

If there is a conflict or inconsistency between this Award and the Plan, the terms of the Plan shall control. The Administrator's interpretation of this Award and the Plan shall be final and binding.

10. **Governing Law**

This Award shall be governed in accordance with the laws of the State of Arizona.

11. **Binding Effect**

This Award shall be binding on the Company and the Consultant and on the Company's successors and the Consultant's heirs and legal representatives.

12. **Effective Date**. This Award shall not become effective until the Consultant's acceptance of this Award and his agreement to be bound by the Stockholders Agreement and the Right of First Refusal Agreement. Upon such acceptance and agreement, this Award shall become effective as of the Grant Date without the necessity of further action by either the Company or the Consultant.

The Joint Corp.

By /s/ John Leonesio
Name: John Leonesio
Title: CEO

Acceptance by Consultant

I accept this Restricted Stock Award and agree to be bound by all of its terms. I acknowledge receipt of copies of the Plan, Stockholders Agreement and Right of First Refusal Agreement. I agree to be bound by the Stockholders Agreement and the Right of First Refusal Agreement as if I were an original signatory to each of those agreements, and in this regard, I agree to sign any joinder agreement or instrument of accession that may be required.

/s/ John B. Richards

John B. Richards

Exhibit A

Definitions

Cause means:

(a) the intentional engagement by the Consultant in misconduct which is materially injurious to the Company, monetarily or otherwise;

(b) the intentional act by the Consultant of fraud, embezzlement or theft in connection with his services to the Company or any subsidiary;

(c) the intentional damage by the Consultant to property of the Company or any subsidiary;

(d) the intentional engagement by the Consultant in any Competitive Activity;

(e) the intentional wrongful disclosure by the Consultant of confidential information of the Company or any subsidiary; or

(f) the determination by a unanimous vote of the Company's directors then in office (excluding the Consultant if he is a director) that the Consultant has demonstrated an objective, material inability to effectively provide the services which he was engaged by the Company to provide such that the services he is providing (or failing to provide) are directly and substantially injurious to the Company; but this subsection (f) shall be void and have no further effect upon the earlier of (i) the Consultant's relocation to the Scottsdale, Arizona area or (ii) 9 months from the date of this Award.

For purposes of this Award, no act or failure to act on the Consultant's part shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but it shall be deemed "intentional" only if it was not in good faith and without reasonable belief that his act or failure to act was in the Company's best interest. Notwithstanding the foregoing, the Consultant shall not be deemed to have been terminated for "Cause" unless and until the Consultant receives a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds of the directors of the Company then in office (or the unanimous vote of the board in the case of subsection (f), and excluding the Consultant if he is a director) at a meeting of the board called and held for such purpose, after reasonable notice to the Consultant and an opportunity for the Consultant, together with his counsel (if the Consultant chooses to have counsel present at such meeting), to be heard before the board, finding that, in the good faith opinion of the board, the Consultant was guilty of conduct constituting "Cause" as defined and specifying the particulars of his conduct constituting "Cause." Nothing in this Award shall limit the right of the Consultant or his beneficiaries to contest the validity or propriety of any such determination.

Change in Control means the occurrence during the term of this Agreement of any of the following events:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 15% or more of the combined voting power of the then outstanding Voting Stock; provided, however, that for purposes of this definition, the following acquisitions shall not constitute a Change in Control: (i) a Successful IPO; (ii) a private financing that does not transfer more than 50% of the voting power of the Company; (iii) any acquisition by the Company; (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary; or (v) any acquisition by the Company pursuant to a Business Combination that complies with clauses (i), (ii) and (iii) of subsection (c)(B) of this definition;

(b) when individuals who, as of the date this Award, constitute the Company's board of directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the board, with the exception that any individual becoming a director subsequent to the date of this Award whose election, or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination), and is not pursuant to a form of Business Combination, shall be deemed to have been a member of the Incumbent Board, but excluding for this purpose any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the board;

(c) consummation of (A) a reorganization, merger or consolidation or (B) a sale or other disposition of all or substantially all of the assets of the Company (each a "Business Combination"), unless, in each case, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners of the common stock and all or substantially all of the individuals and entities who were the beneficial owners of the voting stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other and the Consultant as their ownership, immediately prior to such Business Combination, of the common stock and the voting stock of the Company, (ii) no Person (other than the Company, such entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by the Company, any subsidiary or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 15% or more of the then outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of such entity and (iii) at least a majority of the members of the board of directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with clauses (i), (ii) and (iii) of subsection (c)(B) of this definition.

Competitive Activity means the Consultant's participation, without the written consent of the Company's board of directors, directly or indirectly, as a shareholder, member, employee, officer, consultant or director of a business enterprise engaged in a "Restricted Business" if such enterprise engages in competition with the Company.

Disabled means the Consultant's incapacity due to physical or mental illness to substantially provide his services on a full-time basis for six consecutive months unless the Consultant returns to the full-time provision of his services for a period of at least three consecutive months no later than 30 days after the Company has given the Consultant a notice of termination. If the Consultant disagrees with a determination to terminate him because the Company believes he is Disabled, the Company and the Consultant, or in the event of the Consultant's incapacity to designate a doctor, the Consultant's legal representative, together shall choose a qualified medical doctor who shall determine whether the Consultant is Disabled. If the Company and the Consultant cannot agree on the choice of a qualified medical doctor, then the Company and the Consultant each shall choose a qualified medical doctor and the two doctors together shall choose a third qualified medical doctor, who shall determine whether the Consultant is Disabled. The determination of the chosen qualified medical doctor as to whether the Consultant is Disabled shall be binding upon the Company and the Consultant unless such determination is clearly made in bad faith.

Involuntary Termination means the occurrence of any of the following: (i) the Company gives written notice to the Consultant that the Company intends to terminate or adversely modify the terms on which the Consultant is providing consulting services or (ii) the Company reduces the Consultant's compensation and benefits.

Restricted Business means (i) any business or division of a business which consists of providing chiropractic services, (ii) any business of a kind in whole or in part similar to that previously or in the future engaged in by the Company or any of its subsidiaries and (iii) any other principal line of business developed or acquired by the Company or its affiliates.

Service Term means the continuous period in which the Consultant provides consulting services to the Company or serves as a director or employee of the Company.

Successful IPO means an initial public offering of the Company's common stock in which the market capitalization of the Company immediately following the initial public offering qualifies for listing on the NASDAQ national market exchange.

Voluntary Termination means the occurrence of any of the following: (i) the date two weeks after the Consultant gives written notice to the Company that the Consultant intends to terminate his consulting services or if later, the date specified in such written notice, (ii) the Consultant dies or (iii) the Consultant becomes Disabled.

Exhibit 10.12

Orwasher

Restricted Stock Award

(The Joint Corp. 2012 Stock Plan)

Subject to the following Terms of Award, The Joint Corp., a Delaware corporation (the "Company"), hereby grants to David M. Orwasher, an executive of the Company (the "Executive"), 93,750 restricted shares of the Company's Common Stock, par value $.001 per share (the "Restricted Shares"), in two tranches, the first tranche consisting of 37,500 Restricted Shares ("Grant A") and the second tranche consisting of 56,250 Restricted Shares ("Grant B"), as of January 1, 2014 (the "Grant Date").

Terms of Award

1. **Plan and Employment Agreement**

This Award has been granted under The Joint Corp. 2012 Stock Plan (the "Plan") and pursuant to Section 5(c) of the Employment Agreement dated as of December 31, 2013, that the Executive has entered into with the Company (the "Employment Agreement").

The Plan and Employment Agreement are incorporated in this Award by reference. Capitalized terms used in this Award without being defined have the same meanings that they have in the Plan or the Employment Agreement, as applicable.

2. **Vesting**

Subject to Paragraph 3, the Restricted Shares shall vest as follows:

(a) The 37,500 Grant A Restricted Shares shall vest in 48 monthly installments of 781 Restricted Shares each for the first 36 monthly installments and 782 Restricted Shares each for the last 12 monthly installments, with the monthly installments beginning on the Grant Date and continuing on the first day of the month for the next 47 months.

(b) If there is a Successful IPO during the term of the Employment Agreement (as the term of the Employment Agreement may be extended), the 56,250 Grant B Restricted Shares shall vest over a 36-month period beginning on the date of closing of the IPO as follows:

(1) 28,125 Grant B Restricted Shares shall vest in 12 monthly installments of 2,344 Restricted Shares each for the first nine monthly installments and 2,343 Restricted Shares each for the last three monthly installments, with the monthly installments beginning on the date of closing of the Successful IPO and continuing on the first day of the month for the next 11 months;

(2) 16,875 Grant B Restricted Shares shall vest in 12 monthly installments of 1,407 Restricted Shares each for the first three monthly installments and 1,406 Restricted Shares each for the last nine monthly installments, with the monthly installments beginning on the date of the first anniversary of the closing of the Successful IPO and continuing on the first day of the month for the next 11 months; and

(3) 11,250 Grant B Restricted Shares shall vest in 12 equal monthly installments of 938 Restricted Shares each for the first six monthly installments and 937 Restricted Shares each for the last six monthly installments, with the monthly installments beginning on the date of the second anniversary of the closing of the Successful IPO and continuing on the first day of the month for the next 11 months.

Except as provided in the following subparagraph (c), none of the 56,250 Grant B Restricted Shares shall vest if a Successful IPO does not occur during the term of the Employment Agreement (as the term of the Employment Agreement may be extended).

(c) Notwithstanding anything to the contrary in the preceding subparagraphs (a) and (b), if

(1) the Company participates in a Business Combination during the term of the Employment Agreement (as the term of the Employment Agreement may be extended) and

(2) the aggregate consideration received by the Company or its stockholders in the Business Combination exceeds $30,000,000,

sufficient unvested Grant A and Grant B Restricted Shares shall vest immediately prior to the closing of the Business Combination so that, taking into account Grant A and Grant B Restricted Shares that have previously vested, the vested Grant A and Grant B Restricted Shares immediately prior to the closing of the Business Combination are the same percentage of the 93,750 Restricted Shares as the aggregate consideration received by the Company or its stockholders in the Business Combination in excess of $30,000,000 is to $120,000,000. Section 5(c)(iii) of the Employment Agreement contains an illustration of the operation of this provision.

3. **Voluntary and Involuntary Terminations**

Notwithstanding anything to the contrary in Paragraph 2:

(a) in the event of a Voluntary Termination for any reason other than the Executive's death or becoming Disabled, the Executive's rights in respect of and interest in all unvested Restricted Shares as of the date of the Voluntary Termination shall lapse and those shares shall be canceled;

(b) in the event of a Voluntary Termination by reason of the Executive's death or becoming Disabled, one-third of the unvested Restricted Shares as of the date of the Voluntary Termination shall vest on such date, and the Executive's rights in respect of and interest in the remaining unvested Restricted Shares shall lapse and those shares shall be canceled;

(c) in the event of an Involuntary Termination other than for Cause, and subject to the Executive's entering into a release and settlement agreement with the Company as described in Section 9(a) of the Employment Agreement, all unvested Restricted Shares as of the date of the Involuntary Termination shall vest on such date;

(d) in the event of an Involuntary Termination for Cause, the Executive's rights in respect of and interest in all unvested Restricted Shares as of the date of the Involuntary Termination shall lapse and those shares shall be canceled; and

(e) if the Company terminates the Executive's employment following the occurrence of a Change in Control, or if under Section 11(b) of the Employment Agreement the Executive becomes entitled to the benefits under Section 12 of the Employment Agreement following the occurrence of a Change in Control, all unvested Restricted Shares as of date of such termination or entitlement shall vest on such date.

4. **Other Agreements**

This Award is subject to the condition that the Executive becomes a party to and bound by (i) the Stockholders Agreement dated as of March 10, 2010 entered into by the Company and certain of its stockholders (the "Stockholders Agreement") and (ii) the Right of First Refusal and Tag Along Rights Agreement dated as of March 10, 2010 entered into by the Company and certain of its stockholders (the "Right of First Refusal Agreement").

By acceptance of this Award, the Executive agrees to be a party to and bound by the Stockholders Agreement and the Right of First Refusal Agreement as if he were an original signatory to each of those agreements, and in this regard, he agrees to sign any joinder agreement or instrument of accession that may be required.

5. **Stock Certificates**

The Company shall be the custodian for all shares of Restricted Stock. Reasonably promptly following the Executive's written request after any unvested Restricted Shares have become vested, the Company shall issue and deliver to the Executive a stock certificate in the Executive's name representing those vested Restricted Shares on the Company's stock records.

Each stock certificate issued to the Executive shall bear a legend substantially in the following form:

> The shares of the Common Stock, par value $.001 per share (these "Shares"), of The Joint Corp., a Delaware corporation (the "Company"), represented by this Certificate are subject to the Stockholders Agreement dated as of March 10, 2010 entered into by the Company and certain of its stockholders (as it may be amended or superseded, the "Stockholders Agreement"), a copy of which may be obtained from the Company upon written request); and by accepting any interest in these Shares the person accepting such interest shall be deemed to agree to and shall become bound by all of the provisions of the Stockholders Agreement.

6. **Voting and Distributions**

The Executive shall have the right to vote all vested Restricted Shares, and shall be entitled to all dividends and distributions in respect of vested Restricted Shares, in either case regardless of whether a stock certificate representing those shares has been issued to the Executive.

The Executive shall not have the right to vote any unvested Restricted Shares. All dividends and distributions in respect of unvested Restricted Shares (for example, shares of the Company's Common Stock issued by reason of a stock split, reverse stock split or stock dividend) shall be treated as additional unvested Restricted Shares subject to the terms of this Award.

7. **Tax Liability**

Unless the Executive has made a timely election under section 83(b) of the Code to be taxed as of the Grant Date rather than as the Restricted Shares become vested, the Company shall have the right, upon the vesting of any Restricted Shares, to deduct or withhold, or require the Executive to remit to the Company, an amount sufficient to satisfy the federal, state, local and other taxes (including the Participant's FICA obligation) that the Company is required to withhold by reason of such vesting. The Company may permit the Executive to satisfy this withholding obligation by any of the methods described in Section 14(b) of the Plan.

8. **Transferability**

This Award may not be transferred, assigned or pledged (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

9. **Interpretation**

This Award is subject to the terms of the Plan, as the Plan may be amended (but except as required by applicable law, no amendment of the Plan after the Grant Date shall adversely affect Employee's rights in respect of the Award without Employee's consent).

If there is a conflict or inconsistency between this Award and the Plan, the terms of the Plan shall control. The Administrator's interpretation of this Award and the Plan shall be final and binding.

10. **No Employment Rights**

Nothing in this Award shall be considered to confer on Employee any right to continue in the employ of the Company or to limit the Company's right to terminate Employee's employment.

11. **Governing Law**

This Award shall be governed in accordance with the laws of the State of Arizona.

12. **Binding Effect**

This Award shall be binding on the Company and the Executive and on the Company's successors and the Executive's heirs and legal representatives.

13. **Effective Date**. This Award shall not become effective until the Executive's acceptance of this Award and his agreement to be bound by the Stockholders Agreement and the Right of First Refusal Agreement. Upon such acceptance and agreement, this Award shall become effective as of the Grant Date without the necessity of further action by either the Company or the Executive.

The Joint Corp.

By /s/ John Leonesio
Name: John Leonesio
Title: CEO

Acceptance by Executive

I accept this Restricted Stock Award and agree to be bound by all of its terms. I acknowledge receipt of copies of the Plan, Stockholders Agreement and Right of First Refusal Agreement. I agree to be bound by the Stockholders Agreement and the Right of First Refusal Agreement as if I were an original signatory to each of those agreements, and in this regard, I agree to sign any joinder agreement or instrument of accession that may be required.

/s/ David M. Orwasher
David M. Orwasher

FRANCHISE DISCLOSURE DOCUMENT

	**The Joint Corp.** **16767 N. Perimeter Dr., Suite 240** **Scottsdale, Arizona 85260** **Telephone (480) 245-5960** **www.thejoint.com**

We offer single unit location franchises (referred hereto hereafter individually as a "Location" or collectively as "Locations"). Each Location franchise will conduct business under the name of The Joint…The Chiropractic Place™ and will own and operate a business that will manage clinics that specialize in providing chiropractic services and products to the general public through licensed chiropractic professionals ("Clinic(s)"). Each Location will report and receive support directly from our corporate headquarters.

The total investment necessary to begin operation of a Location ranges from **$130,625** to **$325,925**. The total investment includes the initial franchise fee of $29,000 that must be paid to the franchisor or affiliate for a Location ("Location Franchise").

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Chad Everts, at The Joint Corp., 16767 N. Perimeter Dr., Suite 240, Scottsdale, AZ 85260, telephone (480) 245-5960.

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

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

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

Issuance Date: March 28, 2014

The Joint… The Chiropractic Place™ – Unit FDD 2014 (v.3)

STATE COVER PAGE

Your state may have a franchise law that requires a franchise 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 A** 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.

1. **THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN ARIZONA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT ALSO MAY COST MORE ARBITRATION WITH US IN ARIZONA THAN IN YOUR OWN STATE.**

2. **THE FRANCHISE AGREEMENT STATES THAT ARIZONA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

3. **YOU, YOUR SPOUSE(S), AND/OR EACH SPOUSE OF YOU OR THE OWNERS/PARTNERS/MEMBERS, OF YOU IF YOU ARE A LEGAL ENTITY, MAY HAVE TO SIGN A PERSONAL GUARANTY AND PERSONALLY GUARANTEE ALL OBLIGATIONS OF THE FRANCHISED BUSINESS, WHETHER OR NOT YOUR SPOUSE(S) IS/ARE INVOLVED IN THE OPERATION OF THE BUSINESS. THIS REQUIREMENT PLACES AT RISK THE PERSONAL ASSETS OF YOU, THE OWNERS/PARTNERS/MEMBERS OF YOU IF YOU ARE A LEGAL ENTITY, AND/OR YOUR SPOUSE(S).**

4. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

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

Effective Date: March 28, 2014, except for the States listed below.

The effective dates of registration of this Disclosure Document in these states are:

State	Effective Date
California	May 30, 2014
Hawaii	April 22, 2014
Illinois	Pending
Indiana	April 22, 2014
Maryland	Pending
Michigan	May 29, 2014
Minnesota	April 22, 2014
New York	June 6, 2014
North Dakota	Not Registered
Rhode Island	April 21, 2014
South Dakota	Not Registered
Virginia	Pending
Washington	May 14, 2014
Wisconsin	April 14, 2014

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EXHIBITS TO DISCLOSURE DOCUMENT:

A — STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
B — FRANCHISE AGREEMENT FOR LOCATION FRANCHISES
C — OPERATIONS MANUAL FOR LOCATION FRANCHISES: TABLE OF CONTENTS
D — FINANCIAL STATEMENTS OF FRANCHISOR
E — CONFIDENTIALITY AGREEMENT
F — GUARANTY AND ASSUMPTION OF OBLIGATIONS
G — LIST OF FRANCHISE OWNERS
H — GENERAL RELEASE AGREEMENT
I — TRANSFER AGREEMENT
J — FORM UCC-1 FINANCING STATEMENT
K — STATE-SPECIFIC ADDENDA
L — MANAGEMENT AGREEMENT
M — AMENDMENT TO WAIVE MANAGEMENT AGREEMENT
N — STATE-SPECIFIC DISCLOSURES
O — REQUIRED VENDOR AGREEMENTS

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Joint Corp., a Delaware corporation, is offering prospective Franchise Owners the opportunity to operate a Location franchise in accordance with the terms described in this Disclosure Document. To simplify the language in this Disclosure Document, the terms, "We," "Us," "the Company," or "The Joint" mean The Joint Corp., the franchisor (but not the Company's officers, directors, agents or employees). "You" or "Franchise Owner" mean the person who buys a franchise from us. The term "Location" or "Locations" mean one or several The Joint single-unit franchises. If you are a corporation, partnership or other entity, our Franchise Agreement will also apply to your owners, officers and directors. Unless otherwise indicated, the term "Franchised Business" means a The Joint franchise.

The Franchisor, and any Parents Predecessor and Affiliates. We are a Delaware corporation, created on March 10, 2010. Our predecessor for the purpose of this Franchise Disclosure Document was The Joint Franchise Co., LLC, an Arizona limited liability company organized on February 21, 2003. However, The Joint Corp. did not take over, or merge with, The Joint Franchise Co., LLC but merely bought the assets from The Joint Franchise Co., LLC, including the existing franchise agreements between The Joint Franchise Co., LLC and its franchisees. We have no affiliates.

Our principal business and mailing address is 16767 N. Perimeter Dr., Suite 240, Scottsdale, Arizona 85260. Our telephone number is (480) 245-5960 and our facsimile number is (480) 513-7989. Our agent for service of process is disclosed in **Exhibit A**.

The principal business and mailing address of The Joint Franchise Co., LLC was 4300 Paces Ferry Road, #125, Atlanta, Georgia, 30339.

The Franchised Business. We currently offer a single-unit franchise or location franchise ("Location(s)"). Our predecessor began offering Location franchises in March 2003. We offered Regional Developer franchises from February 2011 until December 2013. We no longer offer Regional Developer franchises and do not intend to in the future. However, we have existing Regional Developer franchisees in our system.

We do not operate any company or affiliate -owned Location or Regional Developer franchises. The Company is not engaged in any other business.

We offer Location franchises to persons or legal entities that meet our qualifications, and are willing to undertake the investment and effort to own and operate businesses that will manage clinics that specialize in providing chiropractic services and products to the general public through licensed chiropractic professionals ("Clinic(s)").

Our existing Regional Developer franchises have the right to solicit potential purchasers for our Location Franchises in a defined territory. Regional Developer Franchises also provide development and ongoing franchise support services to the Location Franchises within their defined territory. Regional Developer franchises are offered under a separate Disclosure Document. Depending on your area, you may have a Regional Developer franchise that assists us with your Location franchise.

Excepted where allowed otherwise by applicable law, each Clinic will be operated by one or more licensed chiropractors who will provide chiropractic services in the state in which the Clinic is located. We expect that these chiropractors will form a "PC", which is a professional corporation (or similar entity, such as a professional limited liability company, if permitted under local and state laws) to own and operate the Clinic. If permitted by state and local law, the PC may be the same entity as your franchisee entity or have the same owners as the Franchised Business.

To operate a Location franchise, you must enter into a Franchise Agreement with us. If you are a non-chiropractor Location franchisee, in addition to signing the Franchise Agreement with us, before you begin operating the Franchised Business, you must enter into a management agreement ("Management Agreement") with a PC. Licensed chiropractic professionals and/or a PC are not required to execute a Management Agreement. Under a Management Agreement, a non-chiropractor Location franchisee will provide a PC with management and administrative services and support consistent with the System to support the PC's chiropractic practice and its delivery of chiropractic services and related products to patients at a Clinic, consistent with all applicable laws and regulations. Subject to changes that may be required by state law, you must use our applicable standard form(s) of Management Agreement (**Exhibit L** of this Disclosure Document), however, you may negotiate the monetary terms and, with our written consent, certain other terms of the relationship with a PC. You must obtain our written approval of the final Management Agreement prior to signing it with a PC. We must also approve the PC candidate. If you are not able to find a suitable chiropractor or chiropractors to create, own and staff the PC, we will attempt to help you find a suitable PC. You must have a Management Agreement in effect with a PC at all times during the operation of the Franchised Business.

The PC will employ and control the chiropractors and the other chiropractic professionals and staff who provide the actual chiropractic services required to be delivered at and through the Clinic. A non-chiropractor Location franchisee may not provide any actual chiropractor services, nor will it supervise, direct, control or suggest to the PC or its licensed chiropractors or employees the manner in which the PC provides or may provide chiropractic services to its patients (except as described below under "Waiver of Management Agreement."). Due to various federal and state laws regarding the practice of chiropractic medicine, and the ownership and operation of chiropractic practices and health care businesses that provide chiropractic services, it is critical that you, as non-chiropractor Location franchisee, do not engage in practices that are, or may appear to be, the practice of chiropractic medicine. The PC must offer all chiropractic services in accordance with the Management Agreement and the System.

You must operate your Location at a site we approve and in accordance with the standards and procedures designated by the Company (the "System"), and according to the Company's Operations Manual for Locations ("the Manual"). (See Item 11).

Under our Franchise Agreement (the "Agreement"), the Company offers qualified purchasers the right to establish and operate a Location at a site approved by the Company. The Franchise Agreement (attached as **Exhibit B** hereto) gives you the right to operate a Location under the name and mark "The Joint… the Chiropractic Place™" and other marks designated by the Company from time to time (all referred to as the "Proprietary Marks"). Under the Agreement, you must offer all products and services that we may specify and may not offer any products or services we have not authorized.

Locations are typically located in high-traffic strip malls or other similarly suitable locations.

Market and Competition. The market for The Joint Locations includes individuals who desire chiropractic care.

If you open a The Joint Location, your competition will include other businesses offering similar products and services to individuals. These competitors may include other chiropractic clinics, physical therapy specialists, hospitals and other medical facilities and franchises.

Laws and Regulations. You are responsible for operating in full compliance with all laws that apply to your Location franchise and the Clinic that you manage. The medical industry is heavily regulated. These laws may include federal, state and local regulations relating to: the practice of chiropractic medicine and the operation and licensing of chiropractic services; the relationship of providers and suppliers of health care services, on the one hand, and chiropractors and clinicians, on the other, including anti-kickback laws (including the Federal Medicare Anti-Kickback Statute and similar state laws); restrictions or prohibition on fee splitting; physician self-referral restrictions (including the federal "Stark Law" and similar state laws); payment systems for medical benefits available to individuals through insurance and government resources (including Medicare and Medicaid); privacy of patient records (including the Health Insurance Portability and Accountability Act of 1996); use of medical devices; and advertising of medical services. While not all of these laws and regulations will be applicable to all Clinics, depending on location, services provided, it is important to be aware of the regulatory framework. We require all employees that will work with patients in a franchise Location to undergo a background check.

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to Clinics. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the management of any Clinic.

You must also ensure that your relationship with the PC for which you manage the Clinic complies with all laws and regulations, and that the PC complies with all laws and regulations and secures and maintains in force all required licenses, permits and certificates relating to the operation of a Clinic. Each state has medical, nursing, physician assistant, cosmetology, naturopathic, chiropractic and other boards that determine rules and regulations regarding their respective members and the scope of services that may legally be offered by their members. The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work as chiropractors and chiropractic assistants in the state where the Clinic is located, and to hold required certifications by, or registrations in, any applicable professional association or registry. If a state or jurisdiction has such a law or regulation, these laws and regulations are likely to vary from state to state, and these may change from time to time.

If we license you to operate a Franchised Business, we are not engaging in the practice of chiropractic medicine, nursing or any other profession that requires specialized training or certification, and you, as franchisee, must not engage in the practice of chiropractic medicine, nursing, or any other profession that requires specialized training or certification, unless you are properly licensed to do so. The Franchise Agreement and Management Agreement will not interfere, affect or limit the independent exercise of medical judgment by the PC and its medical staff. It will be your responsibility for researching all applicable laws, and we strongly advise that you consult with an attorney and/or contact local, state and federal agencies before signing a Franchise Agreement with us, or a Management Agreement with a PC, to determine your legal obligations and evaluate the possible effects on your costs and operations.

Based on our review of the laws of the various states, we expect that you will be required to work with a PC in the following states: Arkansas, California, Colorado, District of Columbia, Florida, Hawaii, Illinois, Kansas, Kentucky, Maryland, Michigan, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Vermont, Washington, West Virginia, and Wyoming. However, you may be required to work with a PC in other states, depending on how those states interpret their own laws. Some states have not explicitly stated whether an unlicensed person can own and/or operate a chiropractic practice in their state. You understand that it is your responsibility to operate your franchise Location in compliance with the laws of your state. This may mean that you may have to alter the structure of your franchise and begin working with a PC, if the state you operate in does not allow, or decides to no longer allow, an unlicensed person from owning and/or operating a chiropractic practice.

Some states may permit an unlicensed person from owning and operating a chiropractic practice, but require you to first obtain a license or permit (i.e., Alabama, Massachusetts). You understand that it is your responsibility to obtain all necessary licenses or permits to operate your franchise Location.

In addition, you must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, EEOC, OSHA, discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.

Waiver of Management Agreement

In certain states, it may be permissible under the existing laws that may be applicable to chiropractic professionals and/or practices, such as chiropractic clinics, for a non-chiropractor to both own and operate a Clinic and a Location Franchise, including hiring chiropractic and other professional personnel and providing chiropractic services to patients at the Clinic. If you determine that the laws that would apply to a Clinic in your state would permit you to do so, you may request that we waive certain of the requirements of the Franchise Agreement related to separating the operation of the chiropractic aspects of the Clinic from the management aspects. In particular, you (i) would not enter into a management agreement with a PC that, as a separate entity, would otherwise operate the Clinic and provide all chiropractic services, and (ii) you would not be restricted from hiring and supervising chiropractic professionals. Any waiver, or any modification of our standards, would be subject to compliance with all applicable laws and regulations. If we agree to do a waiver, you must enter into an Amendment to Waive Management Agreement ("Waiver Agreement") (**Exhibit M** of this Disclosure Document). Under the Waiver Agreement, you agree that, instead of entering into the Management Agreement with a separate PC, you will (a) operate the Clinic, including performing all responsibilities and obligations of the "PC" under the Management Agreement, and (b) manage the Clinic as required in the Franchise Agreement and by performing all the responsibilities and obligations of the "Company" under the Management Agreement.

You are responsible for operating in full compliance with all laws that apply to a Clinic, and you must make your own determination as to your legal compliance obligations. Additionally, the laws applicable to your Clinic may change, and if there are any medical regulations or other laws that would render your operation of the Clinic through a single entity (or otherwise) in violation of any medical regulations, you must immediately advise us of such change and of the your proposed corrective action to comply with medical regulations, including (if applicable) entering into a management agreement with a PC. Similarly, if we discover any such laws, upon providing you notice of such laws, you agree to make such changes as are necessary to comply with medical regulations, including (if applicable) entering into a management agreement with a PC.

Item 2

BUSINESS EXPERIENCE

John Leonesio – Chairman of Board

Mr. Leonesio became the Chairman of the Board of Directors of The Joint in December 2013. Mr. Leonesio served as the Chief Executive Officer ("CEO") for The Joint from March 2010 to December 2013. Mr. Leonesio has been the CEO of RedLine Athletics Franchising, LLC in Scottsdale, AZ since March 2013. Mr. Leonesio has also been the CEO of United Club Services ("UCS") located in Scottsdale, AZ since September 1999. He has served as the CEO for Firestorm 24/7 in Scottsdale, AZ since November 2008. Mr. Leonesio is the founder of Massage Envy where he served as the CEO from 2002 through 2008.

David Orwasher – President and Chief Operating Officer

Mr. Orwasher became President and Chief Operating Officer ("COO") for The Joint in December 2013. From July 2012 to December 2013, Mr. Orwasher was a Senior Strategy and Development Consultant for Make Meaning, Inc. in New York, NY. From July 2010 to July 2012, Mr. Orwasher was an Executive Vice-President for Medi-Fast, Inc. in Owings Mills, MD. From January 2007 to June 2010, Mr. Orwasher was a Principal for SBV Development Company in Westport, CT.

Craig Colmar – Secretary and Director

Mr. Colmar has served as Secretary and a member of the Board of Directors for The Joint Corp. since March 2010. Mr. Colmar is currently a senior partner the Law Firm of Johnson and Colmar located in Bannockburn, IL, where he has been for over 30 years.

Steve Colmar – Director

Mr. Colmar has served as a member of the Board of Directors of The Joint Corp. since April 2010. Mr. Colmar has been the President of Business Ventures Corp based in Austin, Texas since December 2006.

Richard Rees – Director

Mr. Rees has served as a member on the Board of Directors of The Joint Corp. since March 2010. Mr. Rees has been the Chief Operating Officer for Business Ventures Corp based in Austin, Texas since December 2006.

Matt Hale – Vice President of Operations and Construction

Mr. Hale has been the Vice President of Operations and Construction for The Joint Corp. since April 2010. From July 2008 to March 2010, Mr. Hale was the Vice President of Operations for Noodle Development, the franchisor of Nothing But Noodles, in Scottsdale, Arizona. From January 2003 to June 2008, Mr. Hale owned and operated a nationwide franchise called Nothing but Noodles in Chandler, Arizona

Chad Everts – Vice President of Sales and Real Estate

Mr. Everts became the Vice President of Sales and Real Estate for The Joint Corp. in April 2010. Mr. Everts co-founded Noodles Management in 2001, the franchisor of the restaurant concept "Nothing but Noodles", which has locations in 9 states. Mr. Everts served as the Co-CEO for Noodles Management located in Scottsdale, Arizona from 2001 until March 2010.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

Item 5

INITIAL FEES

You must pay to us an initial fee ("Initial Franchise Fee") of $29,000 upon signing your Franchise Agreement. The Initial Franchise Fee is fully earned and non-refundable in all or in part in consideration of administrative and other expenses incurred by us in entering into the Franchise Agreement and for our lost or deferred opportunity to enter into the Franchise Agreement with others. There is no financing available from us for the payment of the Initial Franchise Fee. The Initial Franchise Fee is uniform to all Franchise Owners.

Item 6

OTHER FEES

Fee (1), (2)	Amount	Due Date	Remarks
Royalty Fee	7% of weekly Gross Revenues with a monthly minimum of $700 (3)	Collected on the 1st and 16th of each month, or the next business day if the 1st or 16th fall on a weekend or holiday.	Based on weekly Gross Revenues (3). See Item 11 for additional information.
Contribution to the Company's Advertising Fund	Currently 1% of weekly Gross Revenues (may be increased to 2% at Company discretion)	Collected on the 1st and 16th of each month, or the next business day if the 1st or 16th fall on a weekend or holiday.	Based on weekly Gross Revenues (3). See Item 11 for additional information.
Local or Regional Advertising Cooperatives	Varies without limitation; based on a majority vote of the cooperative	As required by the cooperative	See Item 11 for additional information regarding advertising cooperatives. The amounts contributed to the Advertising Cooperative may be considered as spent for Local Market Advertising
Local Market Advertising	$3,000 or 5% of your monthly Gross Revenues whichever is greater	Paid to vendors before the 10th day of the month following the month of reference.	Based on monthly Gross Revenues (3). See Item 11 for additional information.
Interest	18% per annum	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of Royalty Fees, contributions to the Company's advertising fund, amounts due for product purchases, or any other amounts due our affiliates or us.
Late Charge	$50 per day	As incurred	Charged on any late payments of Royalty Fees, contributions to the Company's advertising fund, amounts due for product purchases, or any other amounts due our affiliates or us.

Fee (1), (2)	Amount	Due Date	Remarks
Audit Expenses	Cost of audit and inspection, plus any reasonable accounting and legal expenses	On demand	Payable if you fail to timely input financial data in the Office Management Program or fail to submit required reports.
Accounting Fee	$100	On the 5th day of the month following the omission or inaccuracy	Payable if you omit or fail to accurately input any information in the office management software, or fail to timely submit any required reports.
Non-Compliance Charge	$500 per violation	On demand	Where permitted by law, we may charge you a non-compliance charge in an amount up to $500 per violation by you of any term or condition of the Franchise Agreement. The non-compliance charge is to compensate us for our damages in dealing with non-compliance.
Fee for Sale of Prohibited Products or Services	$100 per day	As incurred	Payable if you use, sell or distribute non-authorized products or services in your Location.
Computer System Fee (4)	An amount set by us. Currently, the initial setup fee is $495 and the ongoing monthly fee is $275.	Monthly	Payable to cover the monthly cost of computer software and programs necessary to operate your franchise (See Item 11)
Product and Service Purchases	See Item 8	See Item 8	Payable for products and services you purchase from us and/or our affiliates.
Insurance (5)	Amount of unpaid premiums and related costs	On demand	Payable if you fail to maintain required insurance coverage and we obtain coverage for you.
Replacement of Operations Manual	An amount set by us; currently $200	As incurred	Payable if your copy of the Manual for Locations is lost, destroyed, or significantly damaged.
Renewal Fee	25% of the then current Initial Franchise Fee	Upon renewal	Payable upon renewal of the Franchise Agreement.
Remodeling, expansion, redecorating or refurnishing costs	At least $6,000 every 4 years	As incurred	Payable directly to vendors when you remodel, expand, redecorate or refurnish your Location.

Fee (1), (2)	Amount	Due Date	Remarks
Transfer Fee	75% of our then-current Initial Franchise Fee	Before transfer completed	Applies to any transfer of the Franchise Agreement, the franchise, or a controlling interest in the franchise.
Relocation Fee (6)	An amount set by us, currently $2,500	Before relocation is completed	Applies to any relocation of the Location due to a loss of the initial premises of the Location.
Legal Costs and Attorney's Fees	All legal costs and attorneys' fees incurred by us	As incurred	Payable if we must enforce the Franchise Agreement, or defend our actions related to, or against your breach of, the Franchise Agreement.
Indemnification	All amounts (including attorneys' fees) incurred by us or otherwise required to be paid	As incurred	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership and operation of your franchise.
De-Identification	All amounts incurred by us	As incurred	Payable if we de-identify the franchise upon its termination, relocation, or expiration.
Termination Fee (7)	One-half of then-current Initial Franchise Fee, plus our attorney fees and costs	On demand	If you or we terminate your franchise before your franchise term expires.

The tables above and accompanying notes describe the nature and amount of all other fees that you must pay to us or our affiliates, or that we or our affiliates impose or collect in whole or in part for a third party, whether on a regular periodic basis or as infrequent anticipated expenses, in carrying on your The Joint Location:

Explanatory Notes:

(1) Except for some product and service purchases (see Item 8) and advertising cooperative payments (see Item 11), all fees are uniform, and are imposed by, collected by, and payable to us. We have in the past, and may in the future, waive or defer some of the fees set forth in the table. However, we will not do so unless we determine in our sole and absolute discretion that it is in the best interest of the franchise system as a whole. All fees are non-refundable.

(2) You must pay all amounts due by automatic debit. After you sign the documents we require to debit your business checking account automatically for the amounts due, we will debit your bank account for the Royalty Fee, Advertising Fee, and other amounts you owe us. You must make funds available for withdrawal from your account before each due date.

If you do not report accurately your Location's gross revenues for any week, then we may debit your account for one hundred twenty percent (120%) of the Royalty Fee and Advertising Fee amounts that we debited during the previous week. If the Royalty Fee and Advertising Fee amounts we debit are less than the Royalty Fee and Advertising Fee amounts you actually owe us (once we determine the franchise's actual gross revenues for the week), then we will debit your account for the balance on the day we specify. If the Royalty Fee and Advertising Fee amount we debit is greater than the Royalty Fee and Advertising Fee amount you actually owe us, then we will credit the excess amount, without interest, against the amount we otherwise would debit from your account during the following week.

(3) "Gross revenues" means the total of all revenue and receipts derived from the operation of the franchise, including all amounts received at or away from the Location, or through the business the Location conducts (such as fees for chiropractic care, fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the franchise actually makes. For franchisees that operate as the management company for a P.C. and any of its clinics under a Management Agreement, "gross revenues" includes all revenues and receipts of the P.C. and any of its clinics, even if those revenues are not recognized on the books of the franchisee.

(4) The initial charge for setup of the Office Management Software is $495.00. Thereafter, the monthly charge for the Office Management Software is $275.00. This fee allows the franchisee to access the contents of our site and resources and to use our propriety software. See Item 7 and 11 for additional information regarding Computer Systems.

(5) If you fail to pay the premiums for insurance required to operate your franchise, including but not limited to, general or professional liability insurance, we may obtain insurance for you and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within ten (10) days of our request for reimbursement.

(6) Location relocation is only applicable if the Location loses its premises because of circumstance beyond the control of the franchisee. Any Location relocation site needs to be approved by the Company in the same manner as the approval of the Location's initial site. The relocation fee is due to the Company within a week after the site approval by the Company.

(7) You must pay the termination fee, plus any costs and attorneys' fees incurred by us, if you improperly attempt to terminate or close your Location or franchise before your term expires, or we terminate your Franchise Agreement for any reason set forth in the Franchise Agreement. We may also recover from you any damages suffered by us (e.g., lost future revenues) resulting from your improper or wrongful termination of the franchise. Termination fees may be unenforceable in certain states. See Item 17 for additional information.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT *

Type of Expenditure	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$ 29,000	$ 29,000	Lump sum	When you sign the Franchise Agreement	Us
Security and Utility Deposits (2)	$ 3,700	$ 4,800	As agreed	Before opening	Landlord and /or utility companies
Three Months' Lease Rent (3)	$ 7,200	$ 27,000	As agreed	As agreed	Landlord
Architectural	$ 1,500	$ 4,000	As agreed	Before opening	Architect
Leasehold Improvements (4)	$ 18,000	$ 130,000	As agreed	Before opening	Landlord or construction contractors
Signage (5)	$ 3,600	$ 9,000	As agreed	Before opening	Vendors
Office Equipment, including furniture and fixtures (6)	$ 13,000	$ 26,000	As agreed	Before opening	Vendors
Chiropractic or other Professional Equipment	$ 5,700	$ 9,000	As Agreed	Before opening	Vendors
Computer Hardware, Software, Supplies and Installation (7)	$ 4,200	$ 6,000	As agreed	Before opening	Vendors and us for Office Management Software
Business Licenses and Permits (8)	$ 750	$ 1,800	As required	Before opening	Governmental agencies
Professional Fees and Services (9)	$ 600	$ 6,200	As agreed	Before opening	Attorneys, accountants, and other professionals
Insurance (10)	$ 4,000	$ 8,000	As agreed	Before opening	Insurer
Initial Training Expenses, including travel (11)	$ 1,300	$ 2,300	As agreed	As incurred	Vendors
Start-up supplies – Uniforms, contracts, invoices, and other office supplies	$ 1,250	$ 2,000	As agreed	As incurred	Telephone company or other third party
Marketing Expenses for Grand Opening/Start-up and up to the third month of operation (12)	$ 16,000	$ 25,000	As agreed	As incurred	Vendors
Three Months' Office Management Software Fee	$ 825	$ 825	As agreed	As incurred	Us
Additional Funds–three months (13)	$ 20,000	$ 35,000	As agreed	As incurred	Vendors
TOTAL ESTIMATED INITIAL INVESTMENT (14)	**$ 130,625**	**$ 325,925**			

Explanatory Notes:

***These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your franchise. Our estimates are based on our experience (see Items 1 and 2), and our current requirements for Franchised Businesses. The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your franchise may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations.**

**** None of the fees or costs paid to us listed in the table above are refundable.**

(1) See Item 5 for more information about the Initial Franchise Fee for Locations.

(2) This estimate includes security deposits required by the landlord and utility companies, but not your telecommunications service.

(3) Your actual rent payments may vary, depending upon your location and your market's retail lease rates. We recommend that you lease an office of no less than one thousand (1,000) square feet with access to bathrooms, and provisions for telecommunication equipment and office furniture. We estimate your initial expenses for leasing office space during the first three months will range from $7,200 to $27,000 depending on the size and location of the Location.

If you purchase instead of lease the premises for your Location, then the purchase price, down payment, interest rates, and other financing terms will determine the amount of your monthly mortgage payments.

(4) This estimate does not include any construction allowances that may be offered by your landlord. Building and construction costs will vary depending upon the condition of the premises for the Location, the size of the premises, and local construction costs. The estimate does not take in account any tenant improvement allowances that may be given by the landlord.

(5) These estimates assume you will purchase your signage. The type and size of the signage you actually install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions.

(6) You will need to purchase office furniture for the operation of your Location, including workstations and chairs, file cabinets, shelving, and an initial inventory of forms, stationary and other items.

(7) See Manual and Item 11 for more details about computer systems and software.

(8) You may be required to obtain business licenses from the local government agency to operate your Franchised Business. We have estimated these costs will be between $750 and $1,800 depending upon the jurisdiction.

(9) You may incur legal fees, accounting fees and other professional fees in order to incorporate your business, set up a PC, review agreements relating to the operation of the franchise, to perform background checks and personality profiles of potential employees and medical professionals, and to perform all necessary tax filings and to set up a small business or a PC, including a general ledger, tax reports, payroll deposits, etc.

(10) We estimate that your annual cost of insurance will range from $4,000 to $8,000. You must purchase all insurance necessary to operate your franchise, including but not limited to, professional liability insurance for all chiropractors who work in or supervise each clinic, from our required vendor. Currently, Brown & Brown Insurance is our required vendor for all insurance necessary to meet our specifications. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies you purchase must name us and any affiliate we designate as additional insureds, and provide for thirty (30) days' prior written notice to us of a policy's material modification or cancellation. If you fail to obtain or maintain the insurance we specify, we may (but need not) obtain the insurance for you and the Location on your behalf (see Item 6). The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment histories. Our insurance requirements are in our Operations Manual, and may be updated from time to time by way of updates to our Operations Manual or other written communications.

(11) We estimate that your travel expenses for initial training will be $1,300 to $2,300. While the Company does not charge for training, the Franchise Owner is required to pay his transportation to and from our training site and pay for his/her living arrangements and food during the time of training. The Company estimates costs of $150 per day, per person, for lodging, food and other miscellaneous expenses, plus travel expenses to and from Franchise Owner's personal residence. However, if the Franchise Owner lives in the Phoenix metropolitan area where the training will take place, the travel expenses will be minimal.

(12) We estimate that Grand Opening and other startup advertising expenses (excluding your local advertising requirement) will be $10,000. You must spend this amount in accordance with the Manual during the sixty (60) day period that begins thirty (30) days prior to the opening of your Franchise, and ending thirty (30) days after the opening of your Franchise. Starting on the second month of operation of the Location, you must spend the greater of $3,000 or 5% of the Location's monthly gross revenue toward local advertising. We anticipate that your monies will be spent for your Grand Opening and local advertising will be used on a variety of advertising media, including but not limited to, online, newspaper/magazine advertisements and related customized marketing materials prepared by the Company or third-party vendors. See the Manual for details. We estimate that a Franchise Owner will pay a at least $16,000 in Grand Opening and local advertising during the first three (3) months of operation of a Location, however, you may choose to spend more.

(13) The estimate of additional funds is based on an owner-operated business and does not include any allowance for an owner's draw. The estimate of $20,000 to $35,000 is for a period of at least three (3) months. The Company estimates that, in general, you may expect to put additional cash into the business during at least the first three (3) months, and sometimes longer.

(14) We have relied on our experience in this industry in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase this franchise opportunity.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods and Services

You must purchase certain products, supplies, insurance, inventory, signage, fixtures, furniture, equipment, décor and other specified items under specifications and standards that we periodically establish in our Manual or other notices we send to you from time to time. These specifications are established to provide standards for performance, durability, design and appearance. You must purchase such products, supplies, insurance, etc. required for the operation of your Franchised Business solely from suppliers (including distributors, manufacturers, and other sources) who have been approved in writing by the Company, as set forth in the Manual. You are not allowed to purchase any item from an unapproved supplier. When selecting suppliers, we consider all relevant factors, including the quality of goods and services, service history, years in business, capacity of supplier, financial condition, terms and other requirements consistent with other supplier relationships. We maintain written lists of approved items of equipment, fixtures, inventory, and supplies (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. All such suppliers and approved vendors will be listed in the Manual, which must always be followed, even as modified and updated by the Company. We will notify you whenever we establish or revise any of our standards or specifications, or if we designate approved suppliers for products, equipment or services.

We are currently an approved supplier of computer hardware, software and supplies. There are no approved suppliers in which any of our officers owns an interest. We may become the required supplier for digital marketing and advertising services in the future. If we do, you will be required to discontinue using other suppliers for these services.

You must comply with our requirements to purchase or lease real estate, goods, and services according to our specifications and/or from approved suppliers to be eligible to renew your franchise. Failure to comply with these requirements will render you ineligible for renewal, and may be a default allowing us to terminate your franchise.

Approval of Alternative Suppliers

The Company does not have any specific written criteria for supplier selection and does not intend at this time to prepare one. Therefore, the Company will not furnish its criteria for supplier approval to Franchise Owners. If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

Revenue from Franchisee Purchases

In 2013, we received revenue from franchisee required purchases from two vendors: 1) Woodforest National Bank/Merchants' Choice Payment Solutions (collectively "WNB/MCPS") (merchant credit card services) and 2) Clayton/Kendall (franchisee supplies). We did not generate revenue from franchisee purchases of other required products or services. We receive approximately $50/month from MCPS for each franchise clinic that used MCPS' services. Clayton/Kendall paid us a 10% rebate on franchisee purchases of required products. We received gross revenues of $351,000 from franchisee required purchases of computer hardware, software and related services from us. Our gross revenue from these required purchases does not take into labor, equipment and shipping charges we incurred in providing this equipment. All franchisees are required to sign an agreement with our required vendors for credit card services (MCPS) and for music (Retail Radio). A copy of each of these agreements is attached in Exhibit O.

In the year ending December 31, 2013, revenues from sale of required products and services to franchisees was $482,679, or approximately 8.1% of our total revenues of $5,958,067. The cost of purchasing required products and services to our specifications will represent approximately 31% of your total purchases in establishing your franchise and approximately 6% of your total purchases during the operation of your franchise.

We may receive revenue or other consideration from any other suppliers for goods and services that we require or advise you to purchase. In the event we enter agreements with any such suppliers, we anticipate that any revenue or other consideration received would probably include promotional allowances, rebates, volume discounts, and other payments, and would probably be equal to zero to ten percent (0-10%) of the amount of the goods or services you purchase from the supplier. We expect that at least some of these arrangements will generally allow us to obtain discounts off standard pricing, and pass at least a portion of the savings on to you.

Negotiated Prices, Cooperatives and Material Benefits

We negotiate price terms and other purchase arrangements with suppliers for you for some items that we require you to lease or purchase in developing and operating your Location franchise. There currently are no purchasing and distribution cooperatives. We do not provide any material benefits to you if you buy from sources we approve.

Advertising Specifications. You must obtain our approval before you use any advertising and promotional materials, signs, forms and stationary unless we have prepared or approved them during the twelve (12) months prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from approved vendors only. Further, you must not engage in any advertising of your Franchised Business unless we have previously approved the medium, content and method.

Price Restrictions. To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that Franchise locations offer, including without limitation, prices for promotions in which all or certain The Joint Franchise locations participate. If we establish such prices for any services or products, you cannot to exceed or reduce that price, but will charge the price for the service or product that we establish. You will apply any pricing matrix or schedule established by us. However, in states where you must enter a Management Agreement this provision will be modified, to the extent legally permissible, to conform to the laws of the state where your Franchise location will be located.

Records. All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our requirements. All reports must be submitted in a timely manner in accordance with the dates we set from time to time.

Computer-Related Equipment and Software. You must purchase for each Location a computer system and operating software that we specify from time to time. See Item 7 regarding the estimated initial cost of this equipment. You will also be required to purchase from our approved supplier our proprietary office management software costing $495.00. You will also be required to pay a monthly fee of $275.00 for the continuing use and upgrade of the office management software. You will also be required to have access to a broadband Internet connection at all time.

Item 9

FRANCHISEE'S OBLIGATION

This table lists your principal obligations under the Franchise Agreement 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.

Obligations	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3.1	Items 7 and 11
b. Pre-opening purchases/leases	Sections 3.1, 3.2, 3.3, 3.4 and 3.5	Item 7
c. Site development and other pre-opening requirements	Sections 3.2, 3.3, 3.4, 3.5 and 3.6	Items 7 and 11
d. Initial and ongoing training	Sections 4.1, 4.2 and 5.1	Item 11
e. Opening	Sections 3.3 and 3.6	Items 7 and 11
f. Fees	Sections 2.4, 3.4, 4.2, 5.1, 5.2, 6, 10.1, 10.3, 10.8, 11.1, 11.2, 12, 13.2, 14.5, 15, 16.6, and 16.8	Items 5, 6, 7, 8 and 11
g. Compliance with standards and policies/operating manual	Sections 2.4, 3.3, 3.4, 3.5, 3.6, 5.2, 5.3 and 10	Items 8, 11, and 12
h. Trademarks and proprietary information	Sections 7 and 9	Items 13 and 14
i. Restrictions on products/services offered	Section 10.2	Item 16
j. Warranty and customer service requirements	Section 10.7	None

Obligations	Section in Franchise Agreement	Disclosure Document Item
k. Territorial development and sales quotas	Section 3	Item 12
l. On-going product/service purchases	Section 3.4, 5.1, 10.2, 10.3, 10.8, 10.9 and 11	Items 7, 8 and 11
m. Maintenance, appearance, and remodeling requirements	Sections 10.1 and 10.5	Items 7, 8 and 11
n. Insurance	Section 10.8	Items 6, 7 and 8
o. Advertising	Sections 6.3, 6.4 and 11	Items 6, 7, and 11
p. Indemnification	Section 8.3	Items 6 and 13
q. Owner's participation/ management and staffing	Sections 4.1 and 10.7	Items 11 and 15
r. Records/reports	Sections 12, 13.2	Item 6
s. Inspections/audits	Section 13	Item 6
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 2.4	Items 6 and 17
v. Post-termination obligations	Section 16	Item 17
w. Non-competition covenants	Section 9.3	Item 17
x. Dispute resolution	Section 17	Item 17
y. Owners/ Shareholders/ Spousal Guarantee	Section 2.7	Item 15
z. Other	None	None

Item 10

FINANCING

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

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations:

Before you open your Location franchise for business, we or our designee will:

1. Review and approve or disapprove your proposed Location site. We require that you have selected and we have approved your proposed Location site within six (6) months of signing the Franchise Agreement. In order to provide us time to review your proposed Location site and meet that deadline, you must use your best efforts to seek and select a mutually agreeable site within one hundred fifty (150) days after signing the Franchise Agreement. You must then obtain lawful possession of the Premises through lease or purchase within thirty (30) days of our approval of the site. The site must meet our criteria for demographics; traffic count; parking; ingress and egress; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. We require that your Location be at least five hundred (500) or more square feet in size. Locations are typically located in high-traffic strip malls. For each proposed site, you must submit to us, in the form we specify, a description of the site and any other information or materials that we may require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout, and other physical characteristics for a Location. If you fail to identify a mutually agreeable site by the established deadline, then we may terminate your Franchise Agreement. (Franchise Agreement – Section 5.1).

2. Identify the products, materials, supplies, and services you must use to develop and operate your Location, the minimum standards and specifications that you must satisfy in developing and operating the franchise, and the designated and approved suppliers from whom you must or may buy or lease these items (which might be limited to or include us and/or our affiliates) (Franchise Agreement – Section 5.1). See Item 8 for additional information.

3. Lend to you one copy of our Manual ("Manual"), which contains our mandatory and suggested specifications, standards and procedures for operating your Location (Franchise Agreement – Section 5.1-5.2). **Exhibit C** to this Disclosure Document sets forth the Table of Contents for our Manual which is approximately 298 pages in length. The Manual may be composed of or include audiotapes, videotapes, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Manual available to you through various means, including the Internet. The Manual contains our System Standards and information about your other obligations under the Franchise Agreement. We may modify the Manual periodically to reflect changes in System Standards. You must keep your copy of the Manual current, and in a secure place at your Location. If you and we have a dispute over the contents of the Manual, then our master copy of the Manual will control. The Manual is confidential, and you may not copy, duplicate, record or otherwise reproduce any part of it. If your copy of the Manual is lost, destroyed or significantly damaged, then you must obtain a replacement copy at our then applicable charge (see Item 6). You may view our Manual at our corporate headquarters before purchasing your Location, but must first sign a nondisclosure agreement (**Exhibit E** of this Disclosure Document) promising not to reveal any of the information contained in the Manual without our permission. See Item 14 for additional information regarding our Manual.

4. Provide you with specifications for the computer system for your Location (Franchise Agreement – Section 3.4). See below for additional information about these specifications.

5. No later than thirty (30) days before your Location opens for business, provide to you, other members of your management team, and any agents you employ our initial training program for Locations (Franchise Agreement – Section 5.1). You (if you are an individual) or at least one of your Principal Owners as defined in your Franchise Agreement (if you are a legal entity), your general manager (if we agree for you to have a general manager; see Item 15), any licensed chiropractor practicing at the Location, and other members of your management team that we designate must complete this initial training program to our satisfaction. The training program includes classroom instruction and Location operation training at our headquarters in Scottsdale, Arizona, and on-the-job Location operation training at either a training facility or a location we designate. There will be no tuition charge for these training programs for any persons who attend, but you must pay any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by, all of your personnel who attend the training programs. All persons who attend our initial training program must complete it to our satisfaction.

6. Provide at the Company's expense an opening supervisor to assist you with the Location's operational efficiency, staff training, Location setup and opening of your Location for one (1) day before the opening of your first Location and for one (1) day after the opening of your first Location (Franchise Agreement – Section 3.6).

Time to Open:

Unless we agree otherwise, you must open your Location franchise within nine (9) months after signing your Franchise Agreement. We estimate that Locations will typically open for business approximately three (3) months after signing the Franchise Agreement. Factors affecting this length of time include locating a site for the Premises and signing a lease, construction or remodeling of the site (if required), completion of required training, financing arrangements, local ordinance and building code compliance, delivery and installation of equipment, and hiring and training of your staff (Franchise Agreement – Section 3.1).

Post-Opening Obligations:

After your Location opens for business, we or our designee will:

1. Provide you with guidance and assistance in the following areas: (a) the products and services authorized for sale by the Location, and specifications, standards, and operating procedures used by Location franchises; (b) purchasing approved equipment, furniture, furnishings, signs, products, operating materials, and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and general operating and management procedures; (e) establishing and conducting employee training programs at the Location; (f) changes in any of the above that occur from time to time; and (g) specify any approved brands, types and/or models of equipment, furniture, fixtures, and signs (Franchise Agreement – Section 5.1).

2. Continue lending to you a copy of our Manual (Franchise Agreement – Sections 5.1-5.2).

3. Allow you to use our Marks and confidential information in operating your Location (Franchise Agreement – Sections 7 and 9). You must use the Marks and confidential information only as authorized in the Franchise Agreement and our Manual. See Items 13 and 14 for additional information.

4. Indemnify you against damages for which you are held liable in any proceeding arising out of your use of our Marks in compliance with the Franchise Agreement, and reimburse you for costs you incur in defending against any such claim (Franchise Agreement – Section 7.5). See Item 13 for additional information.

5. As we deem appropriate, provide you with additional, on-going, and supplemental training programs (Franchise Agreement – Section 4.2). We may hold mandatory and optional training programs for you and your staff regarding new techniques, services or products, and other appropriate subjects. We may decide to hold these training programs at our own initiative, or in response to your request for additional or special training. We will determine the location, frequency, and instructors of these training programs. We may, but do not currently, charge you a daily attendance fee in an amount to be set by us for each owner, officer, director, manager, or employee of yours who attends any mandatory or optional training program (see Item 6). You must pay this fee to us in a lump sum before the training program begins. You must pay for all travel, lodging, meal, and personal expenses related to your attendance and the attendance of your personnel.

6. Review and approve or disapprove your advertising, marketing, and promotional materials (Franchise Agreement – Section 11.2). See Items 8 and the rest of this Item 11 for additional information about our advertising-related requirements and approval process.

7. As we deem advisable, conduct inspections and/or audits of your Location, including evaluations of its training methods, techniques, and equipment; its staff; and the services rendered to its customers (Franchise Agreement – Section 13.1). We may provide you with additional guidance and training based on the results of these inspections and/or audits.

8. If requested by you, we may provide you with a Company's employee or agent to assist you with the operation of your Location ("Store Assistance"). You will be responsible to pay to the Company a daily fee (currently set at $300.00) - the Company reserves the right to adjust this fee as it deems appropriate) in addition to the actual costs (including but not limited to travel, meals, lodging, car rental, etc.) for the Store Assistance (Franchise Agreement – Section 5.1).

Advertising and Marketing:

Advertising by You

You are required to contribute to the advertising of your Location in your local market area, in the amount of $3,000.00 per month or five percent (5%) of your monthly Gross Revenue, whichever is greater ("Minimum Local Advertising Requirement"). This is separate from the amounts you will spend for your Grand Opening. You will be responsible for the local marketing of your Location, including but not limited to the listing and advertising of your Location in each of the telephone directories distributed within your market area. You may only use advertising material that is approved by us. Any advertising or marketing material that you intend to use must receive prior written approval from us. If you do not receive our written disapproval within fifteen (15) days from the date the materials are delivered to us, then the materials will be deemed approved. The approval of the marketing or advertising material is valid for one year (Franchise Agreement – Section 11.2).

You are required to join and participate in The Joint Advertising Cooperative ("Co-op"), which is an association of all other Franchise Owners whose Franchised Businesses are located within your Area of Dominant Influence ("ADI"). An ADI is a geographic market designation that defines a broadcast media market, consisting of all counties in which the home market stations receive a preponderance of viewing. One function of the Co-op is to establish a local advertising pool, of which the funds must be used for Location's advertising only and for the mutual benefit of each Co-op member. The Franchise Owner must contribute to the pool in accordance with the rules and regulations of the Co-op, as determined by its members. Amounts contributed to the advertising pool by a Franchise Owner may not be considered as spent for local advertising, and therefore may not be used toward the Minimum Local Advertising Requirement (Franchise Agreement – Section 11.3).

Advertising by Us

We may create one or several national and/or regional advertising funds (the "Ad Fund(s)") for our Locations to accomplish those advertising and promotional programs we deem necessary or appropriate for the Locations (Franchise Agreement – Section 11.1). We may, however, choose to use only one Ad Fund to meet the needs of regional, multi-regional, and national advertising and promotional programs. Each Location must contribute to the Ad Funds for their area such amounts that we periodically require. The current contribution amount is one percent (1%) of Gross Sales. See Item 6 for the amount of your required contribution to Ad Funds. We have the right to increase or decrease your contribution to the Ad Funds upon thirty (30) days written notice to you. The maximum contribution to the Ad Funds we may require from you will be two percent (2%) of Gross Sales. Any Location owned by us must also contribute to the Ad Funds on the same basis as you.

We will direct all marketing programs financed by the Ad Funds, and will have sole discretion over the creative concepts, materials and endorsements used by the Ad Funds, and the geographic, market, and media placement and allocation of the Ad Funds. We have the sole discretion to use the Ad Funds to pay the costs of administering regional, multi-regional, and/or national advertising programs, including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. We may in our discretion use Ad Funds to engage in advertising and promotional programs that benefit only one or several regionals, and not necessarily all Location franchises Ad Funds. We will not use the Ad Funds for advertising that is principally a solicitation for the sale of franchises.

The Ad Funds will be accounted for separately from our other funds, and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead that we incur in activities reasonably related to the administration of the Ad Funds and their marketing programs, including preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Funds. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Ad Fund in that year, and the Ad Funds may borrow from us or other lenders to cover the Ad Funds' deficits, or invest any surplus for future use by the Ad Funds. We will prepare an annual statement of monies collected and costs incurred by each Ad Fund, and will provide it to you upon written request.

We may cause any Ad Fund to be incorporated or operated through an entity separate from us when we deem appropriate, and the entity will have the same rights and duties as we do under the Franchise Agreement. If established, the Ad Funds will be intended to enhance recognition of the Marks and to enhance the franchise opportunities available through our franchises. Although we will endeavor to use the Ad Funds to develop advertising and marketing materials and programs and place advertising that will benefit all Locations, we do not have to ensure that the Ad Funds' expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by Locations in that geographic area, or that any Location will benefit from the development of advertising and marketing materials or the placement of advertising by the Ad Funds directly or in proportion to the Location's contribution to the Ad Funds. We assume no direct or indirect liability or obligation to you or any other Location in connection with the establishment of an Ad Fund, or the collection, administration, or disbursement of monies paid into any Ad Fund.

We may suspend contributions to, and the operations of, any Ad Fund for any period we deem appropriate, and may terminate the Ad Fund upon thirty (30) days' written notice to you. All unspent monies held by the Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other franchisees in proportion to each party's respective contributions to the Ad Fund during the preceding twelve (12) month period. We may reinstate a terminated Ad Fund upon the same terms and conditions set forth in the Franchise Agreement upon thirty (30) days' advance written notice to you.

As of December 31, 2013, there are six (6) Advertising Co-ops located throughout the U.S. The Company has the right to create additional co-ops and to decide how they will be run. Currently, the Advertising Co-ops are operating according to their respective bylaws. The specific manner in which any future co-ops will be organized and governed has yet to be determined.

As of the date of this Disclosure Document we have no Ad Council.

We may become the required supplier of digital marketing and advertising services. If we do, you will be required to discontinue using any of your current suppliers for this services upon expiration of any existing contracts for these services, or within thirty (30) days of receiving notice from us that we will be providing these services, whichever occurs first. Any amounts paid to us as the required supplier of digital marketing and advertising services shall be counted against your Minimum Local Advertising Requirement.

Computer System:

You must use the computer hardware and software (collectively, "Computer System") that we periodically designate to operate your Location (Franchise Agreement – Sections 3.4 and 6.6). You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may include or be limited to us and/or our affiliates). (See Item 7 for more information regarding the cost of the Computer System) We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Computer System. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We may charge you a reasonable fee for installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System-related maintenance and support services that we or our affiliates provide to you. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require.

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded.

Your Computer System must be capable of supporting our required software, with Internet capability, and accessible by us remotely. You may also be required to purchase certain customer contact software and financial software, and to pay monthly charges associated with your Computer System. The specification regarding the required hardware and software for your Computer System is contained in the Manual.

We estimate the cost of purchasing the Computer System and related software and associated equipment will range from $4,200.00 to $6,000.00. In addition, you will be required to pay a recurring monthly charge for the use of our proprietary office management software. Currently this fee is $275.00 per month, but is subject to change. You will also be required to pay the monthly cost of maintaining high-speed Internet access at your site. We estimate that this cost will be approximately $50.00 per month.

We will have independent access to the information that will be generated and stored on your Computer System. There are no limitations on when or how we may access such information.

Table of Contents of the Operating Manual:

The Table of Contents of our Operations Manual is attached to this Franchise Disclosure Documents as **Exhibit C**. You will be given the opportunity to view our Operations Manual before buying a franchise and after you execute a confidentiality agreement.

Training Program (Franchise Agreement – Section 4.2):

Our initial training program currently includes the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to The Joint	1.0		Scottsdale, AZ
Compliance Systems	.75		Scottsdale, AZ
SMO/PC awareness	.75		Scottsdale, AZ
Real Estate/ Site Location	.5		Location site
Clinic Construction	2.0		Scottsdale, AZ
Vendor Introductions	1.0		Scottsdale, AZ
Joint University/Hiring the RIGHT Doctor	3.0		Scottsdale, AZ
Patient Acquisition/Marketing	4.0	2.0	Scottsdale, AZ/ Location site
Clinic Operations	4.5	3.0	Scottsdale, AZ/ Location site
POS Software (Atlas)	3.0	1.5	Scottsdale, AZ/ Location site
Technology (Helpdesk/ SEO marketing)	1.0	1.0	Scottsdale, AZ/ Location site
Profit Management (CBRs/P&Ls)	2.0	2.0	Scottsdale, AZ/ Location site
Quizzes and Final Exam	.5		Scottsdale, AZ
Total	**24 hours**	**16 hours**	

Explanatory Notes:

(1) Most of these subjects are integrated throughout the training program (comprised of 24 hours of classroom/online training and 16 hours of initial on the job training). We plan to be flexible in scheduling training. The classroom training program must be completed to our satisfaction before the opening of the Location. On-the-job training will occur at your Location site within a few days before and after the opening of your Location.

(2) The Company also may offer additional or refresher training courses from time to time. Some of these courses may be mandatory, and some may be optional. These courses may be conducted at the Company's headquarters or at any other locations selected by the Company.

(3) You and/or your employees will be responsible for all out-of-pocket expenses in connection with all training programs, including costs and expenses of transportation, lodging, meals, wages and employee benefits. The Company reserves the right to impose reasonable charges for training classes and materials in connection with such training courses. The Company will notify you of any additional charges before you or your employees enroll in a course. The Company may charge you a non-attendance fee of up to $400 per day if you fail to attend any required trainings, including our annual training conference. We may require all employees to take and pass our certification training program. While there is no cost to take such training, we may require all employees and staff to pass such training to our satisfaction before they may begin working at your franchise Location.

(4) All classes are scheduled by advance written notice to all Franchise Owners. The Company's class cancellation policies will be included in the written notice of class schedules.

(5) The instruction materials for our training programs include handouts, the Operation Manual for Location Franchises, and lectures.

(6) Although the individual instructors of the training program may vary, all of our instructors have significant at least 2 years of experience in their designated subject area. The following are our main instructors:

- Jack Colmar, Construction Lead
- Brian Markus, Director of Real Estate
- Shawn Allen, DC, Operations Trainer
- Josh Reed, Operations Lead
- Courtney Switzer, Training Lead

Mr. Hale has been with us since April 2010. Dr. Allen has been with us since September 2010. Mr. Reed has been with us since June 2012. Ms. Switzer has been with us since January 2013.

Item 12

TERRITORY

No Exclusive or Protected Territory

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will select for our approval the location of the Premises for your Location according to the requirements and within the time specified in the Franchise Agreement. Although, your Franchise Agreement does not provide for an exclusive or protected territory, the Company has the right to grant a protected territory or to decide to allow the installation of another Location near you without limitation of distance or other considerations.

Unless we agree otherwise, you must lease or purchase a site for the Premises of your Location, subject to our approval, within one hundred eighty (180) days after execution of the Franchise Agreement, as noted earlier in this Disclosure Document. Our approval will be based upon a variety of factors including the viability of the proposed location in relation to population, demographics, visibility, signage, access, parking, competition, projected growth in market area and other factors affecting your Territory. See the Manual for details.

We must approve the relocation of your franchised business. We will apply the same criteria for the relocation of a franchised business as we apply when determining the location of a new franchise.

The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises.

Company Reserved Rights

We and our affiliates reserve the right to engage in any activities we deem appropriate that your Franchise Agreement does not expressly prohibit, whenever and wherever we desire, including the right to (1) operate, or grant to others the right to operate Locations on terms and conditions we deem appropriate; (2) provide or grant other persons the right to provide goods and services that are similar to and/or competitive with those provided by Locations through any distribution channel, including, but not limited to, sales via mail order, catalog, toll-free telephone numbers, and electronic means, including the Internet under the Marks or trademarks and services marks other than the Marks; (3) acquire the assets or ownership interest of businesses providing products and services similar to those provided at Locations, and franchising, licensing, or creating similar arrangements with respect to those acquired businesses, wherever those businesses or their franchisees or licensees are located; and (4) being acquired (regardless of the form of transaction) by a business providing products and services similar to those provided at Locations or another business. Franchisor has no obligation to pay franchisee compensation for any of these activities within the franchisee's territory, if one is granted.

Item 13

TRADEMARKS

The Company grants you the right and license to use the Proprietary Marks and the System solely in connection with your Franchised Business. You may use our trademark "The Joint… The Chiropractic Place™" and design and such other Proprietary Marks as are designated in writing by the Company for your use. In addition, you may use them only in the manner authorized and permitted by the Company and you may not directly or indirectly contest the Company's ownership of or rights in the Proprietary Marks.

"The Joint…A Chiropractic Place®" is a service mark registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") on March 2, 2004 under Registration Number 2819916. "The Joint… the Chiropractic Place™" is a service mark registered on the Principal Register of the USPTO on February 22, 2011 under Registration Number 3922558. We also registered the words, letters and stylized form of service mark, "The Joint…the Chiropractic Place", on the Principal Register of the USPTO on April 23, 2013, under Registration Number 4323810. All required affidavits have been filed.

There are no agreements currently in effect that significantly limit the Company's right to use or license the use of the Proprietary Marks in a manner material to the franchise. The logo is part of the Company's Proprietary Marks. With respect to the Marks, there are currently no effective material determinations of the UPSTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding.

The Company will indemnify against or reimburse for expenses you incur in defending claims of infringement or unfair competition arising out of your use of the Proprietary Marks. You are required to notify the Company immediately when you become aware of the use, or claim of right to, a Proprietary Mark identical or confusingly similar to our Proprietary Marks. If litigation involving the Proprietary Marks is instituted or threatened against you, you must notify the Company promptly and cooperate fully with the Company in defending or settling the litigation. The Company, at its option, may defend and control the defense of any proceeding relating to any Proprietary Marks.

The Company has no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchise Owner's use of the Proprietary Marks in any state.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Rights. The Company owns no rights in or to any patents that are material to the franchise.

Copyrights. The Company claims a copyright and treats the information in the Manual as confidential trade secrets, but you are permitted to use the material as part of the franchise.

Confidential Operations Manual. Under the Franchise Agreement, you must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual. You will be loaned a copy of the Manual for the term of the Franchise Agreement, when you have completed the initial training program to our satisfaction. You must operate your Location franchise strictly in accordance with the Manual, as it may be revised by the Company from time to time.

You must at all times, treat the Manual and the information in it, as well as any other materials created for or approved by use for the operation of your Franchised Business, as confidential, as required by the Franchise Agreement. You must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be returned in the event that you cease to be a Location Owner.

We may from time to time revise the contents of the Manual, and you must comply with each new or changed provision. You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copies maintained by us at Company's home office will be controlling.

Confidential Information. The Franchise Agreement requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques and know-how designated or treated by the Company as confidential and includes the Manual. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by the Company. Under the Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Franchise Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Franchise Agreement.

See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchise Business.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Franchise Owners are expected to participate in the direct operation of their franchise on a full-time basis. If they cannot, then they are obligated to have a fully trained Manager operate the franchise. However, we believe that a person with an equity interest can best ensure that our standards of quality and competence are maintained. The Franchise Agreement requires that you, or a designated Manager, be directly involved in the day-to-day operations and utilize your best efforts to promote and enhance the performance of the Franchised Business. While in most cases Franchise Owners will seek additional assistance for the labor-intensive portions of the business, we have built our reputation on Franchise Owner participation and believe it is crucial for continued success. In any case, when making decisions relating to the operation of the Location, the Franchise Owners should keep in mind that at least one licensed chiropractor must be present in the Location at all times, during the hours of business of the Location.

Any Manager you employ at the launching of your franchise operations must complete the initial management-training course required by the Company. All subsequent Managers must be trained fully according to our standards by either the Franchise Owner or the Company. However, the Company may charge a fee for this additional training. See Item 6 and the Manual for details.

Each individual who holds an ownership interest in the Franchise Owner must personally guarantee all of the obligations of the Franchise Owner under the Franchise Agreement. (See **Exhibit F** for the form of Guaranty and Assumption of Obligations.) The Guaranty must be executed by the spouse(s) of the franchisee, and all its owners, partners, etc.

At the Company's request, you must obtain and deliver executed covenants of confidentiality and non-competition (See Exhibit E) from any persons who have or may have an ownership interest in the Franchise Owner or in the franchise, any Managers, or any other persons who receive or have access to training and other Confidential Information under the System. The covenants must be in a form satisfactory to us, and must provide that we are a third party beneficiary of, and have the independent right to enforce the covenants.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISE OWNER MAY SELL

You must operate the Franchised Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual and in other writings by the Company from time to time. You must use the Premises only for the operation of your Franchised Business and may not operate any other business at or from the Premises without the express prior written consent of the Company.

The Company requires you to offer and sell only those goods and services that the Company has approved. The Company maintains a written list of approved goods and services in its Manual, which the Company may change from time to time.

You must offer all goods and services that the Company designates as required for all franchises. In addition, the Company may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before the Company will allow you to offer certain services.

We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no express limitations on our right to designate additional or operational goods and services; however, such goods and services will be reasonably related to our franchise system or model.

We do not currently have any restrictions or conditions that limit access to customers to whom the franchisee may sell goods or services

Franchised Business Exclusivity Obligations. You, the Franchise Owner, are not authorized to offer products of services identical or similar to the products or services offered by The Joint through any means other than your franchise. Failure to abide by this term may result in the immediate termination of your The Joint franchise.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Section 2.1	Ten (10) years
b. Renewal or extension	Section 2.4	Your renewal rights permit you to remain a franchisee after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to one (1) renewal term of ten (10) years.
c. Requirements for franchisee to renew or extend	Section 2.4	You must: have substantially complied with your Franchise Agreement; given notice to us of your intent to renew between twelve (12) and twenty-four (24) months before the expiration of the initial term of the franchise; sign a new Franchise Agreement in our then current form which may include terms and conditions materially different from those in the original Franchise Agreement; sign general release of claims against us and related parties (see **Exhibit H**); pay the applicable renewal fee (see Item 6); cure any defaults; and pay all amounts owed to us.
d. Termination by franchisee	None	None
e. Termination by franchisor without cause	None	None
f. Termination by franchise with cause	Section 15	Various breaches of Franchise Agreement.
g. "Cause" defined – curable defaults	Section 15	You do not pay us within ten (10) days after written notice; you use, sell, or distribute unauthorized products; you fail to maintain a valid license to practice and/or fail to maintain compliance with state regulations; you do not comply with any other provision of the Franchise Agreement or specification, standard, or operating procedure and do not correct such failure within twenty (20) days after written notice.

Provision	Section in Franchise or Other Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 15	We can terminate if: You fail to timely develop or open the franchise; you abandon, surrender, transfer control of or do not actively operate the franchise or lose the right to occupy the franchise location; you or any Principal Owner make an unauthorized transfer or assignment of the franchise or its assets; you are adjudged a bankrupt, become insolvent, or make an assignment for the benefit of creditors; you or your Principal Owners are convicted of a felony, or are convicted or plead no contest to any crime or offense that adversely affects the reputation of the franchise and the goodwill of our Marks; you are involved in any action that adversely affects the reputation of the franchise and the goodwill of our Marks; you violate any health or safety law or ordinance or regulation, or operate the franchise in a way that creates a health or safety hazard; or you fail on three (3) or more occasions within any twelve (12) month period to comply with the Franchise Agreement regardless of whether or not such failures to comply are corrected.
i. Franchisee's obligations on termination/non-renewal	Section 16	Includes payment of money owed to us, return Manual, cancellation of assumed names and transfer of phone numbers, cease using Proprietary Marks, cease operating Franchised Business, no confusion with Proprietary Marks, our option to purchase your inventory and equipment, your modification of the premises and our option to purchase your Franchised Business.
j. Assignment of contract by franchisor	Section 14.3	No restriction on right to transfer.
k. "Transfer" by franchisee –defined	Section 14	Includes assignment of Franchise Agreement, sale or merger of business entities, transfer of corporate stock, death of Franchise Owner or majority owner of Franchise Owner.
l. Our approval of transfer by you	Section 14.4	You need the Company's approval to transfer Location ownership or ownership interest.
m. Conditions for our approval of transfer by you	Section 14.5	New owner must have sufficient business experience, aptitude and financial resources to operate the franchise; you must pay all amounts due us or our affiliates; new owner and its director must successfully complete our initial training program; your landlord must consent to transfer of the lease, if any; you must pay us a transfer fee (see Item 6); you and your Principal Owners must sign a general release in favor of us, our affiliates, and our and their officers, directors, employees and agents (see **Exhibit H**); if applicable, the new owner must agree to remodel to bring the franchise to current standards; new owner must assume all obligations under your Franchise Agreement or, at our option, sign a new Franchise Agreement using our then-current form; you and your Principal Owners must sign a non-competition agreement agreeing not to engage in a competitive business for twenty-four (24) months within twenty-five (25) miles of your Location or any other The Joint Location (see **Exhibit I**). We also may approve the material terms of the transfer, and require that you subordinate any installment payments to the new owners' obligation to pay us.

Provision	Section in Franchise or Other Agreement	Summary
n. Our right of first refusal to acquire your business	Section 14.6	We have the option to match any offer for your Franchised Business.
o. Our option to purchase your business	Section 16.6	We have the option to purchase your Franchised Business upon termination or non-renewal.
p. Death or disability of you	Section 14.7	Franchise must be assigned by estate to approved buyer within forty-five (45) days.
q. Non-compete covenants during the term of the franchise	Section 9.3	You cannot be involved in a competitive business during the term of the Agreement.
r. Non-compete covenants after the franchise is terminated or expires	Section 9.3	No involvement in competing business for twenty-four (24) months within a twenty-five (25) mile radius of any The Joint Location.
s. Modification of the agreement	Section 20	Must be in writing by both sides.
t. Integration/merger clause	Section 20	Only the terms of the Franchise Agreement are binding. Any other promises are unenforceable. However, nothing in the Franchise Agreement will have the effect of disclaiming any of the representations made in this FDD or any of its attachments or addenda.
u. Dispute resolution by arbitration or mediation	Section 17.9	Except for certain claims, we and you must arbitrate all disputes in Maricopa County, Arizona.
v. Choice of forum	Section 17.11	Maricopa County, Arizona

w. Choice of law	Section 17.11	Arizona law governs, except for matters regulated by the United States Trademark Act (subject to state law).

Applicable state law might require additional disclosures or requirements related to the information contained in this Disclosure Document. These additional disclosures, if any, appear in Exhibit N of this Disclosure Document.

Item 18

PUBLIC FIGURES

The Company does not use any public figure to promote its franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance of the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chad Everts (16767 N. Perimeter Dr., Suite 240, Scottsdale, Arizona 85260, Tel. (480) 245-5960), the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2011 to 2013

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2011	18	32	+14
	2012	32	82	+50
	2013	82	175	+93
Company-Owned	2011	1	1	0
	2012	1	0	-1
	2013	0	0	0
Total Outlets	2011	19	33	+14
	2012	33	82	+49
	2013	82	175	+93

Table No. 2
Transfers of Outlets From Franchises to New Owners
(Other than the Franchisor)
For Years 2011 to 2013

State	Year	Number of Transfers
Arizona	2011	0
	2012	5
	2013	1
California	2011	0
	2012	1
	2013	4
Colorado	2011	1
	2012	0
	2013	1
Georgia	2011	0
	2012	1
	2013	0
Oregon	2011	0
	2012	0
	2013	4
Texas	2011	0
	2012	0
	2013	6
Washington	2011	0
	2012	0
	2013	1
Total	2011	1
	2012	7
	2013	17

Table No. 3
Status of Franchised Outlets*
For Years 2011 to 2013

State	Year	Outlets at Start of Year	Outlets Opened	Termina-Tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2011	2	6	0	0	0	0	8
	2012	8	10	0	0	0	0	18
	2013	18	6	2	0	0	0	22
California	2011	1	0	0	0	0	0	1
	2012	1	7	0	0	0	0	8
	2013	8	26	0	0	0	0	34
Colorado	2011	3	0	0	0	0	0	3
	2012	3	2	0	0	0	0	5
	2013	5	10	0	0	0	0	15
Connecticut	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Florida	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Georgia	2011	4	0	0	0	0	0	4
	2012	4	4	0	0	0	3	5
	2013	5	8	0	0	0	0	13
Idaho	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Indiana	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Kansas	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	1	0
	2013	0	0	0	0	0	0	0
Louisiana	2011	0	2	0	0	0	0	2
	2012	2	1	0	0	0	0	3
	2013	3	1	0	0	0	0	4
Minnesota	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	6	0	0	0	0	7
Missouri	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	5	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Termina-Tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Nebraska	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Nevada	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
	2013	2	7	0	0	0	0	9
New Mexico	2011	0	1	0	0	0	0	1
	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
New York	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
North	2011	0	0	0	0	0	0	0
Carolina	2012	0	1	0	0	0	0	1
	2013	1	5	0	0	0	0	6
Ohio	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Oregon	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
South	2011	2	1	0	0	0	1	2
Carolina	2012	2	4	0	0	0	0	6
	2013	6	1	0	0	0	0	7
Tennessee	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
Texas	2011	3	3	0	0	0	0	6
	2012	6	17	0	0	0	0	23
	2013	23	12	0	0	0	0	35
Utah	2011	0	2	0	0	0	0	2
	2012	2	1	0	0	0	0	3
	2013	3	0	0	0	0	0	3
Washington	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Total	2011	18	15	0	0	0	1	32
	2012	32	54	0	0	0	4	82
	2013	82	96	2	0	0	1	175

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

Table No. 4
Status of Company-Owned Outlets For
For Years 2011 to 2013

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Required from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona	2011	1	0	0	0	0	1
	2012	1	0	0	0	1	0
	2013	0	0	0	0	0	0
Georgia	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Total	2011	1	0	0	0	0	1
	2012	1	0	0	0	1	0
	2013	0	0	0	0	0	0

Table No. 5 Projected Openings for 2014

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Alabama	1	0	0
Alaska	0	0	0
Arizona	8	3	0
Arkansas	0	0	0
California	102	18	0
Colorado	7	3	0
Connecticut	1	0	0
Delaware	0	0	0
Florida	5	1	0
Georgia	16	5	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	2	2	0
Indiana	6	2	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	1	0	0
Maine	0	0	0
Massachusetts	0	0	0
Michigan	1	1	0
Minnesota	10	2	0
Mississippi	0	0	0
Missouri	2	1	0

Montana	0	0	0
Nebraska	0	0	0
Nevada	2	1	0
New Hampshire	0	0	0
New Jersey	10	2	0
New Mexico	2	0	0
New York	6	1	0
North Carolina	13	5	0
Ohio	3	1	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	1	0	0
Rhode Island	0	0	0
South Carolina	10	6	0
Tennessee	9	2	0
Texas	34	10	0
Utah	3	4	0
Vermont	0	0	0
Virginia	2	1	0
Washington	2	1	0
West Virginia	0	0	0
Wisconsin	2	1	0
Wyoming	0	0	0
Total	204	73	0

Exhibit G lists the names of all of our operating franchisees and their addresses and telephone numbers as of December 31, 2013. Exhibit G lists the franchisees who have signed Franchise Agreements for development areas which were not yet operational as of December 31, 2013, and also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the 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.

None of our franchisees have signed confidentiality clauses with us during the last three years which would restrict their ability to speak openly about their experience with us.

We have no Advisory Council staffed by any franchisees. Likewise, no independent franchisee organization has asked to be included in this Disclosure Document.

Item 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D are: our consolidated audited Financial Statements, for the years ended December 31, 2013, 2012 and 2011.

Item 22

CONTRACTS

Attached are copies of the following agreements relating to the offer of the franchise:

Exhibit B	Franchise Agreement
Exhibit E	Confidentiality Agreement
Exhibit F	Guaranty and Assumption of Obligations
Exhibit H	General Release Agreements
Exhibit I	Transfer Agreements
Exhibit J	Form UCC-1 Financing Statement
Exhibit K	State-Specific Addenda to Franchise Agreement
Exhibit O	Required Vendor Agreements

Item 23

RECEIPT

Two copies of an acknowledgement of your receipt of this Disclosure Document appear at the end of this Disclosure Document. The Receipts are detachable and one copy must be signed by you and given to us. The other copy may be retained by you for your records. If this page or any other pages or exhibits are missing from your copy, please contact the Company at the address or phone number noted in Item 1.

The Joint… The Chiropractic Place™ – Unit FDD 2014 (v.3)

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about The Joint Corp.

Our agent for service of process in the State of Delaware is:

THE CORPORATION TRUST COMPANY
CORPORATION TRUST CENTER, 1209 ORANGE STREET
WILMINGTON, DE 19801

We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the designated state offices or officials as our agents for service of process in those states:

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of Corporations Department of Corporations Suite 750 320 West 4th Street Los Angeles, CA 90013 (213) 576-7505	California Commissioner of Corporations Department of Corporations Suite 750 320 West 4th Street Los Angeles, CA 90013
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96812 (808) 586-2727	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96812
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
INDIANA	Indiana Secretary of State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204

MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-4026	Minnesota Commissioner of Commerce 85 7th Place East Suite 500 St. Paul, MN 55101-2198
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State of the State of New York 41 State Street Albany, New York 11231 and United Corporate Services, Inc. 10 Bank Street, Suite 560 White Plains, NY 10606
NORTH DAKOTA	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9527	Director of Rhode Island Department of Business Regulation Floor Division of Securities 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	Department of Revenue and Regulation Division of Securities 445 East Capitol Pierre, SD 57501 (605) 773-4823	Director of South Dakota Division of Securities 445 East Capitol Pierre, SD 57502 (605) 773-4823

VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 And United Corporate Services, Inc. 700 East Main Street, Suite 1700 Richmond, VA 23218
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559

EXHIBIT B

FRANCHISE AGREEMENT

THE JOINT CORP.

FRANCHISE AGREEMENT

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Exhibit 1 - Franchise Agreement Expiration Date/ Projected Franchising Opening Schedule
Exhibit 2 - Owner's Guaranty and Assumption of Obligations
Exhibit 3 - Addendum to Lease Agreement
Exhibit 4 - Ownership Interests in Franchise Owner

THE JOINT CORP.

FRANCHISE AGREEMENT

This Franchise Agreement (this or the "Agreement") is being entered into effective as of the _____ day of _____, 20__ (the "Agreement Date"). The parties to this Agreement are The Joint Corp., a Delaware corporation ("we," "us," the "Company," or "The Joint Corp."); _____, as Franchise Owner ("you," "Franchise Owner," or "Franchisee"), and, if you are a partnership, corporation, or limited liability company, your "Principal Owners" (defined below).

1. INTRODUCTION.

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. This Agreement includes several exhibits, all of which are legally binding and are an integral part of the complete Franchise Agreement. In this Agreement, we refer to The Joint Corp. as "we," "us," or the "Company." We refer to you as "you," "Franchise Owner" or "Franchisee." If you are a corporation, partnership or limited liability company, you will notice certain provisions that are applicable to those principal shareholders, partners or members on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as "Principal Owners."

Through the expenditure of considerable time, effort and money, we and our affiliates have devised a system for the establishment and operation of The Joint Corp. business model, a chiropractic location that specializes in affordable, convenient, and accessible chiropractic care. It is our mission "to improve your quality of life through affordable Chiropractic care." Our atmosphere is fun and upbeat, and no appointments are necessary (all of these characteristics are referred to in this Agreement as the "System"). This business model includes a location model offering all of our franchised services and products (individually, a "Location" and collectively, the "Locations"). We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the marks "The Joint…A Chiropractic Place®", "The Joint…The Chiropractic Place™" and certain associated designs, artwork and logos, which we may change or add to from time to time (the "Marks").

From time to time we grant to persons who meet our qualifications, franchises to own and operate a The Joint Corp. Location franchise business that will manage clinics that specialize in providing chiropractic services and products to the general public through licensed chiropractic professionals ("Clinic(s)"). This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own, and be franchised to operate a The Joint Corp. Location (we will refer to your The Joint Corp. franchise as the "Franchise" or the "Franchised Business"). You may purchase and operate your Franchise as a new, start-up Location (a "Start-up Location"), or may convert an existing chiropractic practice to a The Joint Corp. Location (a "Conversion Location"). In signing this Agreement, you acknowledge that you have conducted an independent investigation of The Joint Corp. Franchised Business, and recognize that, like any other business, the nature of it may evolve and change over time, that an investment in a The Joint Corp. Franchised Business involves business risks, and that the success of this business venture is primarily dependent on your business abilities and efforts.

We expressly disclaim making, and you acknowledge that you have not received or relied on, any guarantee, express or implied, as to the revenues, profits, or likelihood of success of The Joint Corp. Franchise venture contemplated by this Agreement. You acknowledge that there have been no representations by us or our affiliates or our or their respective officers, directors, members, employees, or agents that are inconsistent with the statements made in our current Franchise Disclosure Document concerning the Franchised Business, or the provisions of this Agreement. You further represent to us, as an inducement to our entering into this Agreement with you, that there have been no misrepresentations to us in your application for the rights granted by this Agreement, or in the financial information provided by you and your Principal Owners.

2. GRANT OF FRANCHISE.

2.1 Term; Reference to Exhibit 1.

You have applied for a franchise to own and operate a The Joint Corp. Location, and we have approved your application in reliance on all of the representations you made in that application. As a result, and subject to the provisions of this Agreement, we grant to you a Franchise to operate a The Joint Corp. Location offering all products, services, and proprietary programs of ours, in accordance with all elements of the System, that we may require for The Joint Corp. Locations.

You must operate the Franchise at a mutually agreeable site (the "Premises") to be identified after the signing of this Agreement, and to use the System and the Marks in the operation of that Franchise, for a term of 10 years (the "Initial Term"). The Initial Term will begin on the Agreement Date. (For convenience, the expiration date of the Initial Term is listed on **Exhibit 1**.) Termination or expiration of this Agreement will constitute a termination or expiration of your Franchise. (All references to the "term" of this Agreement refer to the period from the Agreement Date to the date on which this Agreement actually terminates or expires.)

2.2 Full Term Performance.

You specifically agree to be obligated to operate the Franchise, perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the business of the Franchise for the full term of this Agreement.

2.3 Management Agreement with Professional Corporation – Non-Licensed Franchisees.

If you are not a licensed chiropractor, prior to commencing operations of the Franchised Business, you must enter into a management agreement ("Management Agreement") with a chiropractic professional corporation (or a professional limited liability company, if permitted in the state in which the Clinic is located) (a "PC") whereby you will provide to the PC management and administrative services and support consistent with the System and as outlined in our form of Management Agreement, a copy of which is included as an Exhibit to our Disclosure Document, to support the PC's chiropractic practice and its delivery of chiropractic services and related products to chiropractic patients, consistent with all applicable laws and regulations.

The PC shall employ and control the chiropractors and other chiropractic personnel that will provide the actual chiropractic services required to be delivered at and through the Clinic. You shall not provide any actual chiropractic services, nor shall you supervise, direct, control or suggest to, the PC or its chiropractors or employees the manner in which the PC provides or may provide chiropractic services to its patients. You acknowledge and agree that we will not provide any chiropractic services, nor will we supervise, direct, control or suggest to, the PC or its chiropractors or employees the manner in which the PC provide chiropractic services to its patients.

Due to various federal and state laws regarding the practice of chiropractic medicine, and the ownership and operation of chiropractic practices and health care businesses that provide chiropractic services, you understand and acknowledge that that you, as non-chiropractor Location franchisee, shall not engage in any practices that are, or may appear to be, the practice of chiropractic medicine. You acknowledge that the PC must offer all chiropractic services in accordance with the Management Agreement and the System.

You must use our standard form of Management Agreement, however, you may negotiate the monetary terms and, with our written consent, certain other terms of the relationship with the PC. We will not unreasonably withhold our approval to requested changes in the Management Agreement. You must obtain our written approval of the final Management Agreement prior to your execution. We must approve the PC candidate. You shall ensure that the PC offers all chiropractic services in accordance with the Management Agreement and the System. If you are not able to find a suitable chiropractor to create, own and staff the PC, we will attempt to help you find a suitable PC. You must have a Management Agreement in effect with a PC at all times during the operation of the Franchised Business and during the Initial Term of this Agreement.

If you are a licensed chiropractor, or part of a PC owned by licensed chiropractors, you do not need to execute a Management Agreement. However, you are still responsible for compliance with all laws application to the operation of a chiropractic Clinic and your Location franchise.

2.4 Waiver of Management Agreement.

In certain states, it may be permissible under the existing laws that may be applicable to chiropractic professionals and/or practices, such as chiropractic clinics, for a non-chiropractor to both own and operate a Clinic and a Location Franchise, including hiring chiropractic and other professional personnel and providing chiropractic services to patients at the Clinic. If you determine that the laws that would apply to a Clinic in your state would permit you to do so, you may request that we waive certain of the requirements of the Franchise Agreement related to separating the operation of the chiropractic aspects of the Clinic from the management aspects. In particular, you (i) would not enter into a Management Agreement with a PC that, as a separate entity, would otherwise operate the Clinic and provide all chiropractic services, and (ii) you would not be restricted from hiring and supervising chiropractic professionals. Any waiver, or any modification of our standards, would be subject to compliance with all applicable laws and regulations. If we agree to do a waiver, you must enter into an Amendment to Waive Management Agreement ("Waiver Agreement"), a copy of which is attached as an exhibit to our Disclosure Document. Under the Waiver Agreement, you will agree that, instead of entering into the Management Agreement with a separate PC, you will (a) operate the Clinic, including performing all responsibilities and obligations of the "PC" under the Management Agreement, and (b) manage the Clinic as required in this Agreement and by performing all the responsibilities and obligations of the "Company" under the Management Agreement.

You are responsible for operating in full compliance with all laws that apply to a Clinic, and you must make your own determination as to your legal compliance obligations. Additionally, the laws applicable to your Clinic may change, and if there are any chiropractic regulations or other laws that would render your operation of the Clinic through a single entity (or otherwise) in violation of any medical regulations, you must immediately advise us of such change and of the your proposed corrective action to comply with chiropractic regulations, including (if applicable) entering into a Management Agreement with a PC. Similarly, if we discover any such laws, upon providing you notice of such laws, you agree to make such changes as are necessary to comply with medical regulations, including (if applicable) entering into a Management Agreement with a PC.

2.5 Selection of Premises; No Protected Territory; Reservation of Rights.

You and we will mutually select the location of the Premises upon or after the signing of this Agreement. You acknowledge that the Franchise granted by this Agreement gives you the right to operate your Franchise only at the Premises. Although we will not seek to operate or grant others the right to operate a The Joint Corp. Location within the same general area as the Premises, we make no guarantee of any protected territory. Except as otherwise provided in this Paragraph 2.5, we retain all rights with respect to The Joint Corp. Location franchises, the Marks and the System, including (by way of example only and not as a limitation): (a) the right to operate or grant others the right to operate The Joint Corp. Location franchises in any location on terms and conditions we deem appropriate; and (b) the right to operate or offer other healthcare-related companies or franchises or enter into other lines of business offering similar or dissimilar products or services under trademarks or service marks other than the Marks, in any location.

2.6 Renewal of Franchise.

(a) Franchise Owner's Right to Renew. Subject to the provisions of subparagraph 2.6(b) below, and if you have substantially complied with all provisions of this Agreement and all other agreements between us, on expiration of the Initial Term, if you refurbish and decorate the Premises, replace fixtures, furnishings, wall decor, furniture, equipment, and signs and otherwise modify the Franchise in compliance with specifications and standards then applicable under new or renewal franchises for The Joint Corp. Location franchises, you will have the right to renew the Franchise for one (1) additional term of ten (10) years (the "Renewal Term").

(b) Notice of Deficiencies and Other Requirements. At least one (1) year before the expiration of the Initial Term, we agree to give you written notice of any deficiencies in your operation or in the historical performance of the Franchise that could cause us not to renew the Franchise. If we will permit renewal, our notice will state what actions, if any, you must take to correct the deficiencies in your operation of the Franchise or of the Premises, and will specify the time period in which those deficiencies must be corrected or other requirements satisfied. Renewal of the Franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement up to the date of expiration. If we send a notice of non-renewal, it will state the reasons for our refusal to renew.

(c) Renewal Agreement; Releases. Should you choose to renew the Franchise, you must provide us with written notice of that intent no earlier than two (2) years and no later than one (1) year before the expiration of the Initial Term. To renew the Franchise, the Company, you and your Principal Owners must execute the form of Franchise Agreement and any ancillary agreements we are then customarily using in the grant or renewal of franchises for the operation of The Joint Corp. Location Franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), except that no initial franchise fee will be payable upon renewal of the Franchise. However, you must pay to us a renewal fee equal to 25% of our then-current initial franchise fee for Start-up Locations. You and your Principal Owners and your and their spouses must also execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates, and our and their respective owners, officers, directors, employees, and agents.

2.7 Personal Guaranty by Principal Owners; Reference to Exhibit 2**.**

Each of the Principal Owners and their spouses (where applicable), will be required to execute a personal guaranty (the "Guaranty"), guaranteeing the Franchise's liabilities and obligations to the Company. A copy of the Guaranty is incorporated herein as **Exhibit 2**.

3. DEVELOPMENT AND OPENING OF THE FRANCHISE

3.1 Site Approval; Lease or Purchase of Premises; Opening Timeline; Reference to Exhibit 3.

(a) You will use your best efforts to locate and select a proposed site for the Premises that is acceptable to us as suitable for the operation of the Franchise, which must be reviewed and approved by us within six (6) months of the Agreement Date. Our review and approval process may take up to thirty (30) days, so we recommend you submit your proposed site to us within one hundred fifty (150) days of the Agreement Date. You must submit to us, in the form we specify, a description of the site and such other information or materials as we may reasonably require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout and other physical characteristics, for The Joint Corp. Location franchises. Our approval of a site shall not constitute, nor be deemed, a judgment as to the likelihood of success of a The Joint Corp. Location at such location, or a judgment as to the relative desirability of such location in comparison to other locations. If you fail to identify a mutually-agreeable site within the aforementioned six (6) month period, we may terminate this Agreement.

(b) Once we have approved the proposed site of the Premises for your Franchise, you must obtain lawful possession of the Premises through lease or purchase within thirty (30) days of our approval of the Premises. You agree that you will not execute a lease without our advance written approval of the lease terms. The lease for the Premises must include the Addendum to Lease, attached hereto as Exhibit 3, permitting us to take possession of the Premises under certain conditions if this Agreement is terminated or if you violate the terms of the lease.

(c) Unless we agree otherwise, you must open your franchise for business no later than nine (9) months from the Effective Date of this Agreement.

3.2 Prototype and Construction Plans and Specifications.

We will furnish to you prototype plans and specifications for your Location, reflecting our requirements for design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for The Joint Corp. Locations, which may be in the form of actual plans for an existing or proposed Location with which we are involved. Using an architect we designate or approve, it will then be your responsibility to have the plans and specifications modified to comply with all ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the Premises. You must submit final construction plans and specifications to us for our approval before you begin construction at the Premises, and must construct the Franchise location in accordance with those approved plans and specifications.

3.3 Development of the Franchise.

You agree at your own expense to do the following by the Opening Deadline defined in Exhibit 1: (1) secure all financing required to fully develop the Franchise; (2) obtain all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses; (3) construct the Franchise location according to the approved construction plans and specifications; (4) decorate the Franchise location in compliance with the approved plans and specifications; (5) purchase and install all required equipment, furniture, furnishings and signs; (6) cause the training requirements of Section 4 to be completed; (7) purchase an opening inventory of products and other supplies and materials; (8) provide proof, in a form satisfactory to us, that your operation of the Franchise at the Franchise location does not violate any applicable state or local zoning or land use laws, ordinances, or regulations, or any restrictive covenants that apply to such location; (9) provide proof, in a form satisfactory to us, that you (and/or your General Manager, as defined in Section 4.1, if any) are legally authorized and have all licenses necessary to perform all of the services to be offered by your Franchise, and that your organizational structure is consistent with all legal requirements; (10) provide proof, in a format satisfactory to us, that you have obtained all required insurance policies, and have name us, as an additional insurance under all such policies; (11) submit to us a completed copy of the grand opening checklist we provide to you; (12) do any other acts necessary to open the Franchise for business; (13) obtain our approval to open the Franchise for business; and (14) open the Franchise for business.

3.4 Computer System.

(a) General Requirements. You agree to use in the development and operation of the Franchise the computer terminals/billing systems and operating software ("Computer System") that we specify from time to time. You acknowledge that we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including without limitation a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto), and that the cost to you of obtaining the Computer System (or additions or modifications thereto), including software, may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we and our affiliates have the right to charge a reasonable systems fee for software or systems installation services; modifications and enhancements specifically made for us or our affiliates that are licensed to you; and other maintenance and support Computer System-related services that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

(b) Software. As a franchisee of The Joint Corp., we will provide to you The Joint Corp.'s proprietary office management software (the "Joint Software"), which you will be required to install onto the Computer System and use in the daily operation of the Franchise. In addition, we may, at any time and from time to time, contract with one or more software providers, business service providers, or other third parties (individually, a "Service Provider") to develop, license, or otherwise provide to or for the use and benefit of you and other The Joint Corp. Franchises certain software, software applications, and software maintenance and support services related to the Computer System that you must or may use in accordance with our instructions with respect to your Computer System.

3.5 Equipment, Furniture, Fixtures, Furnishings and Signs.

You agree to use in the development and operation of the Franchise only those brands, types, and/or models of equipment, furniture, fixtures, furnishings, and signs we have approved.

3.6 Franchise Opening.

You agree not to open the Franchise for business until: (1) all of your obligations under Paragraphs 3.1 through 3.4 of this Section have been fulfilled; (2) we determine that the Franchise has been constructed, decorated, furnished, equipped, and stocked with materials and supplies in accordance with plans and specifications we have provided or approved; (3) you and any of your Franchise's employees whom we require complete our pre-opening Initial Training (as defined herein) to our satisfaction; (4) the Initial Franchise Fee (as defined herein) and all other amounts due to us have been paid; (5) you have furnished us with copies of all insurance policies required by Paragraph 10.8 of this Agreement, or have provided us with appropriate alternative evidence of insurance coverage and payment of premiums as we have requested; and (6) we have approved any marketing, advertising, and promotional materials you desire to use, as provided in Paragraph 11.2 of this Agreement.

The Company will provide, at our expense, an opening supervisor to be on site at your Location to assist you with your operational efficiency, staff training, Location setup and grand opening. The opening supervisor will be on site one (1) day before the opening of your first Location and for one (1) day after the opening of your first Location franchise.

4. TRAINING.

4.1 General Manager.

At your request, we may, but are not obligated to, agree for you to employ a general manager to operate the Franchise ("General Manager"). The term "General Manager" means an individual with primary day-to-day responsibility for the Franchise's operations, and may or may not be you (if you are an individual) or a Principal Owner, officer, director, or employee of yours (if you are other than an individual). We may or may not require that the General Manager have an equity interest in the Franchise. The General Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Franchise's operations, and must have full authority from you to implement the System at the Franchise. You must not hire any General Manager or successor General Manager without first receiving our written approval of such General Manager's qualifications. Each General Manager and successor General Manager must attend and complete our Initial Training (as defined herein). No General Manager may have any interest in or business relationship with any business competitor of your franchise. Each General Manager must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information described in Paragraph 9.1, and to abide by the covenants not to compete described in Paragraph 9.3. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training program, that your General Manager (if any) is not qualified to act as General Manager of the Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

4.2 Training.

You acknowledge that it is very important to the operation of the Franchise that you and your employees receive appropriate training. To that end, you agree as follows:

(a) No later than thirty (30) days before the Franchise opens for business, you must attend our initial training program for your Franchise (the "Initial Training") at the time and place we designate. You (if you are an individual) or at least one of your Principal Owners (if you are a legal entity) must complete the Initial Training to our satisfaction. If you employ a General Manager other than yourself or one of your Principal Owners, that General Manager must also complete the Initial Training to our satisfaction. Other employees may complete the Initial Training at your sole discretion and expense, provided you first obtain our approval and subject to availability of facilities and materials. The Initial Training may include classroom instruction and Franchise operation training, and will be furnished at our training facility in Scottsdale, Arizona, a The Joint Corp. Franchise location we designate, your Franchise location, and/or at another location we designate. Our Initial Training programs may be different for each employee depending on their responsibilities at the Franchise. There will be no tuition charge for the persons whom we require to attend any Initial Training program or for any additional personnel of your choosing. All persons who attend our Initial Training must attend and complete the Initial Training to our satisfaction. If we, in our sole discretion, determine that any General Manager or employee whom we require to attend any Initial Training program is unable to satisfactorily complete such program, then you must not hire that person, and must hire a substitute General Manager or employee (as the case may be), who must enroll in the Initial Training program within fifteen (15) days thereafter, and complete the Initial Training to our satisfaction.

(b) You agree to have your General Manager (if any) and/or other employees who attend our Initial Training complete additional training programs at places and times as we may request from time to time during the term of this Agreement.

(c) In addition to providing the Initial Training described above, we reserve the right to offer and hold such additional ongoing training programs and franchise owners meetings regarding such topics and at such times and locations as we may deem necessary or appropriate. We also reserve the right to make any of these training programs mandatory for you and/or designated owners, employees, and/or representatives of yours. We reserve the right to charge you a daily attendance fee in an amount to be set by us for each attendee of yours who attends any mandatory or optional training program or owners meeting. If we offer any such mandatory training programs, then you or your designated personnel must attend a minimum of seventy-five percent (75%) of the programs offered on an annual basis. In addition to any other remedies we may have, if you fail to attend any required training, we reserve the right to charge you a non-attendance fee of up to $400 per day for each day of mandatory training programs or meetings you miss or fail to attend.

(d) You agree to pay all wages and compensation owed to, and travel, lodging, meal, transportation, and personal expenses incurred by, all of your personnel who attend our Initial Training and/or any mandatory or optional training we provide.

(e) We may require your employees to take and pass an online computer training course. While there is no cost to take such training, we may require all employees and staff to pass such training to our satisfaction before they may begin working at your Franchise location.

(f) The Franchise's General Manager (if any) and other employees shall obtain all certifications and licenses required by law in order to perform their responsibilities and duties for the Franchise.

5. GUIDANCE; OPERATIONS MANUAL.

5.1 Guidance and Assistance.

During the term of this Agreement, we may from time to time furnish you guidance and assistance with respect to: (1) specifications, standards, and operating procedures used by The Joint Corp. Location franchises; (2) purchasing approved equipment, furniture, furnishings, signs, materials and supplies; (3) development and implementation of local advertising and promotional programs; (4) general operating and management procedures; (5) establishing and conducting employee training programs for your Franchise; and (6) changes in any of the above that occur from time to time. This guidance and assistance may, in our discretion, be furnished in the form of bulletins, written reports and recommendations, operations manuals and other written materials (the "Operations Manual"), and/or telephone consultations and/or personal consultations at our offices or your Franchise. If you request—and if we agree to provide—any additional, special on-premises training of your personnel or other assistance in operating your Franchise, then you agree to pay a daily training fee in an amount to be set by us, and all expenses we incur in providing such training or assistance, including any wages or compensation owed to, and travel, lodging, transportation, and living expenses incurred by, our Company personnel.

5.2 Operations Manual.

The Operations Manual we lend to you will contain mandatory and suggested specifications, standards, and operating procedures that we prescribe from time to time for your Franchise, as well as information relative to other obligations you have in the operation of the Franchise. The Operations Manual may be composed of or include audio recordings, video recordings, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Manual available to you through various means, including the Internet. A previously delivered Operations Manual may be superseded from time to time with replacement materials to reflect changes in the specifications, standards, operating procedures and other obligations in operating the Franchise. You must keep your copy of the Operations Manual current, and if you and we have a dispute over the contents of the Manual, then our master copy of the Manual will control. You agree that you will not at any time copy any part of the Operations Manual, permit it to be copied, disclose it to anyone not having a need to know its contents for purposes of operating your Franchise, or remove it from the Franchise location without our permission. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, then you must obtain a replacement copy for us at our then-applicable charge.

5.3 Modifications to System.

We will continually be reviewing and analyzing developments in the healthcare, and chiropractic industries, as well as developments in fields related to small-business management, and based upon our evaluation of this information, may make changes in the System, including but not limited to, adding new components to services offered and equipment used by The Joint Corp. Location franchises. Moreover, changes in laws regulating the services offered by The Joint Corp. franchises may (a) require us to restructure our franchise program, (b) require your General Manager (if any) and employees to obtain additional licenses or certifications, (c) require you to retain or establish relationships with additional professionals and specialists in the chiropractic and/or healthcare industries, and/or (d) require you to modify your ownership or organizational structure. You agree, at our request, to modify the operation of the Franchise to comply with all such changes, and to be solely responsible for all related costs.

5.4 Advisory Councils.

You agree to participate in, and, if required, become a member of any advisory councils or similar organizations we form or organize for The Joint Corp. Location franchises.

6. FEES AND COSTS.

6.1 Initial Franchise Fee.

You agree to pay us the initial franchise fee of Twenty-Nine Thousand and No/100 Dollars ($29,000.00) (the "Initial Franchise Fee") when you sign this Agreement. In recognition of the expenses we incur in furnishing assistance and services to you, you agree that we will have fully earned the Initial Franchise Fee, and that is due and non-refundable when you sign this Agreement.

6.2 Royalty Fee.

You agree to pay us a continuing franchise royalty fee ("Royalty Fee") in the amount of seven percent (7%) of the gross revenues of the Franchise for all periods, with a minimum monthly amount of Seven Hundred and No/100 Dollars ($700.00). This fee will be payable on the 1st and 16th of each month based on the Franchise's gross revenues. If the 1st or 16th of the month fall on a weekend or holiday, then the fee is payable on the next business day. If, at the end of any calendar month, the total Royalty Fee collected for the preceding month is less than $700.00, the difference between the amount collected and $700.00 shall be due on the tenth (10th) day of the following month. The terms "gross revenues" shall, for purposes of this Agreement, mean the total of all revenue and receipts derived from the operation of the Franchise, including all amounts received at or away from the site of the Franchise, or through the business the Franchise conducts (such as fees for chiropractic care, fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the Franchise actually makes. For the avoidance of doubt, you specifically acknowledge that "gross revenues" includes the gross revenues of any P.C. or any of P.C.'s clinics that are managed by you pursuant to a Management Agreement, even if those revenues are not recognized on your books, and that you are responsible for determining those revenues and paying the Royalty Fee as if those revenues were recognized on your books. You and we acknowledge and agree that the Royalty Fee represents compensation paid by you to us for the guidance and assistance we provide and for the use of our Marks, Confidential Information (as defined herein), know-how, and other intellectual property we allow you to use under the terms of this Agreement. The Royalty Fee does not represent payment for the referral of customers to you, and you acknowledge and agree that the services we offer to you and our other The Joint Corp. franchisees do not include the referral of customers.

6.3 Regional and National Advertising Fee.

Recognizing the value of advertising to the goodwill and public image of The Joint Corp. Location franchises, we may, in our sole discretion, establish, maintain and administer one or more regional and/or national advertising funds (the "Ad Fund(s)") for such advertising as we may deem necessary or appropriate in our sole discretion. We may, however, choose to use only one Ad Fund to meet the needs of regional, multi-regional, and national advertising and promotional programs. If we establish an Ad Fund, you agree to contribute to the Ad Fund a percentage of gross revenues of the Franchise in an amount we designate from time to time by notice to you, up to a maximum of two percent (2%) of the gross revenues of the Franchise. As of the date of this Agreement, the current required contribution to the Ad Fund is one percent (1%) of the gross revenues of the Franchise. In the event we choose to change the required contribution amount, which we may do at our sole and absolute discretion, up to a maximum of two percent (2%) of gross revenues, we will provide you with thirty (30) days' advance written notice of the change. These advertising fees ("Advertising Fees") will be payable with and at the same time as your Royalty Fees payable under Paragraph 6.2 above. A further description of the Ad Fund and your obligations with respect to advertising and promoting the Franchise is found in Section 11 of this Agreement.

6.4 Local Advertising.

(a) By Franchisee. In addition to the Advertising Fees set forth in Paragraph 6.3, which will be used by us to promote The Joint Corp. on a regional and national level, you agree to spend a certain amount on advertising in your local market area. This amount must equal the greater of (a) Three Thousand and No/100 Dollars ($3,000.00); or (b) five percent (5%) of the Franchise's gross revenues for each month during the term of this Agreement (the "Local Advertising Requirement"). All proposed local advertising must be submitted to and approved by us before you enter into any advertising agreements. At our request, you must provide us with any documentation we request showing that you have met your monthly Local Advertising Requirement.

(b) Regional Advertising Cooperative. In the event that more than one The Joint Corp. Location franchise is located in an area of dominant influence ("ADI"), we reserve the right to form a regional advertising cooperative (the "Regional Ad Co-op"), require you to join the Regional Ad Co-op and contribute to its funding. An ADI is a geographic market designation that defines a broadcast media market, consisting of all counties in which the home market stations receive a preponderance of viewing. We reserve the right to determine the amount to be contributed by each member of the Regional Ad Co-op as necessary. The required contributions to any Regional Ad Co-op will not be credited against the Local Advertising Requirement set forth in Paragraph 6.4(a) or 11.2.

6.5 Grand Opening Costs.

During sixty (60) day period that begins thirty (30) days prior to the opening of your Franchise, and ending thirty (30) days after the opening of your Franchise (the "Grand Opening Period"), you will be required to expend at least Ten Thousand and No/100 Dollars ($10,000.00) in verifiable marketing costs to publicize the grand opening of your Franchise. These costs may include, but are not limited to, signage, local advertising, flyers, promotions, and giveaways. Upon conclusion of the Grand Opening Period, you must send to us a report detailing the amounts spent to publicize the grand opening of your franchise during the Grand Opening Period. All proposed grand opening advertising must be submitted to and approved by us. At our request, you must provide us with any documentation we request showing that you have met the required spend requirement for your Grand Opening.

6.6 Software and Programming Fees.

The initial purchase and installation fee for the Joint Software is Four Hundred Ninety-Five and No/100 Dollars ($495.00), which is payable along with the Initial Franchise Fee. For each month during the term of this Agreement, the on-going license fee for the Joint Software is Two Hundred Seventy-Five and No/100 Dollars ($275.00), which will be debited from the Account on the fifth (5th) day of each month for the preceding month.

6.7 Relocation Fee.

If you must relocate the Premises of your Location for any reason, you must pay to us a Franchise Relocation Fee (the "Relocation Fee") of Two Thousand Five Hundred and No/100 Dollars ($2,500.00). The Relocation Fee will help the Company defray the costs of approving a new location, reviewing and approving plans for the new location, and updating Company records and marketing materials to reflect the new location.

6.8 Late Payments.

All Royalty Fees, Advertising Fees, amounts due from you for purchases from us or our affiliates, and other amounts which you owe us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the lesser of (i) the highest commercial contract interest rate permitted by state law, and (ii) the rate of eighteen percent (18%) per annum. In addition to any accruing interest, all late payments will incur a late charge of Fifty and No/100 Dollars ($50.00) per day until the payment is made. Payments due us or our affiliates will not be deemed received until such time as funds from the deposit of any check by us or our affiliates is collected from your account. You acknowledge that the inclusion of this Paragraph in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Franchise. We have the right to require that any payments due us or our affiliates be made by certified or cashier's check in the event that any payment by check is not honored by the bank upon which the check is drawn. We also reserve the right to charge you a fee of One Hundred and No/100 Dollars ($100.00) for any payment by check that is not honored by the bank upon which it is drawn.

6.9 Electronic Funds Transfer.

We have the right to require you to participate in an electronic funds transfer program under which Royalty Fees, Advertising Fees, and any other amounts payable to us or our affiliates are deducted or paid electronically from your bank account (the "Account"). In the event you are required to authorize us to initiate debit entries, you agree to make the funds available in the Account for withdrawal by electronic transfer no later than the payment due date. The amount actually transferred from the Account to pay Royalty Fees and Advertising Fees will be based on the Franchise's gross revenues as reported in the Franchise's practice management software. If you have not properly input the Franchise's gross revenues for any reporting period, then we will be authorized to debit the Account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee, Advertising Fee, and other amounts transferred from the Account for the last reporting period for which a report of the Franchise's gross revenues was provided to us. If at any time we determine that you have under-reported the Franchise's gross revenues or underpaid any Royalty Fee or Advertising Fee due us under this Agreement, then we will be authorized to initiate immediately a debit to the Account in the appropriate amount, plus applicable interest, in accordance with the foregoing procedure. Any overpayment will be credited, without interest, against the Royalty Fee, Advertising Fee, and other amounts we otherwise would debit from your account during the following reporting period. Our use of electronic funds transfers as a method of collecting Royalty Fees and Advertising Fees due us does not constitute a waiver of any of your obligations to provide us with weekly reports as provided in Section 12, nor shall it be deemed a waiver of any of the rights and remedies available to us under this Agreement.

6.10 Application of Payments.

When we receive a payment from you, we have the right in our sole discretion to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for Royalty Fees, Advertising Fees, purchases, interest, or for any other reason, regardless of how you may designate a particular payment should be applied.

6.11 Modification of Payments.

If, by operation of law or otherwise, any fees contemplated by this Agreement cannot be based upon gross revenues, then you and we agree to negotiate in good faith an alternative fee arrangement. If you and we are unable to reach an agreement on an alternative fee arrangement, then the Company reserves the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

6.12 Non-Compliance Charge.

In addition to our other rights and remedies, we may charge you a non-compliance charge in an amount up to five hundred dollars ($500) per violation by you of any term or condition of this Agreement, including, without limitation, failure to pay (or to have adequate amounts available for electronic transfer of) amounts owed to Franchisor or Franchisor's affiliates or failure to timely provide required reports, or failure to obtain prior approval from Franchisor whenever Franchisor approval is required (i.e., advertising).

7. MARKS.

7.1 Ownership and Goodwill of Marks.

You acknowledge that your right to use the Marks is derived solely from this Agreement, and is limited to your operation of the Franchise pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures we prescribe from time to time during the term of the Franchise. You understand and acknowledge that our right to regulate the use of the Marks includes, without limitation, any use of the Marks in any form of electronic media, such as Websites (as defined herein) or web pages, or as a domain name or electronic media identifier. If you make any unauthorized use of the Marks, it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that all your usage of the Marks and any goodwill established by your use will inure exclusively to our benefit and the benefit of our affiliates, and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate the Franchise in compliance with this Agreement). All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, or logos we may authorize and/or license you to use during the term of this Agreement.

7.2 Limitations on Franchise Owner's Use of Marks.

You agree to use the Marks as the sole trade identification of the Franchise, except that you will display at the Franchise location a notice, in the form we prescribe, stating that you are the independent owner of the Franchise pursuant to a Franchise Agreement with us. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Agreement), or in any modified form. You also shall not use any Mark or any commercial symbol similar to the Marks 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. You agree to display the Marks in the manner we prescribe at the Franchise and in connection with advertising and marketing materials, and to use, along with the Marks, any notices of trade and service mark registrations we specify. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

7.3 Notification of Infringements and Claims.

You agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which you become aware. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge, or claim. We have the right to exclusively control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

7.4 Discontinuance of Use of Marks.

If it becomes advisable at any time in our sole judgment for the Franchise to modify or discontinue the use of any Mark, or use one or more additional or substitute trade or service marks, including the Marks used as the name of the Franchise, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

7.5 Indemnification of Franchise Owner.

We agree to indemnify you against, and reimburse you for, all damages for which you are held liable in any trademark infringement proceeding arising out of your use of any Mark pursuant to and in compliance with this Agreement, 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 this Agreement.

8. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

8.1 Independent Contractor; No Fiduciary Relationship.

This Agreement does not create a fiduciary relationship between you and us. You and we are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner, or employee of the other for any purpose whatsoever. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, Franchise personnel, and others as the owner of the Franchise pursuant to a Franchise Agreement with us, and to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.

8.2 No Liability, No Warranties.

We have not authorized or empowered you to use the Marks except as provided by this Agreement, and you agree not to employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other, or represent that your and our relationship is other than that of franchisor and franchisee.

8.3 Indemnification.

We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to you or any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets, or on us, in connection with the business you conduct, or any payments you make to us pursuant to this Agreement (except for our own income taxes). We will not assume any liability or be deemed liable for any agreements you enter with any third-parties, whether or not they are an approved or required vendor. You agree to indemnify, defend, and hold us, our affiliates and our and their respective owners, directors, officers, employees, agents, successors, and assigns (individually, an "Indemnified Party," and collectively, the "Indemnified Parties"), harmless against, and to reimburse such Indemnified Parties for, all such obligations, damages, and taxes for which any Indemnified Party may be held liable, and for all costs the Indemnified Party reasonably may incur in the defense of any such claim brought against the Indemnified Party, or in any such action in which the Indemnified Party may be named as a party, including without limitation actual and consequential damages; reasonable attorneys', accountants', and/or expert witness fees; cost of investigation and proof of facts; court costs; other litigation expenses; and travel and living expenses. Each Indemnified Party has the right to defend any such claim against the Indemnified Party. You further agree to hold us harmless and indemnify and defend us for all costs, expenses, and/or losses we incur in enforcing the provisions of this Agreement, defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement, including without limitation reasonable arbitrator's and attorneys' fees (including those for appeal), unless, after legal proceedings are completed, you are found to have fulfilled and complied with all of the terms of this Agreement. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

9. CONFIDENTIAL INFORMATION; NON-COMPETITION.

9.1 Types of Confidential Information.

We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by us, including but not limited to: (1) services and products offered and sold at The Joint Corp. franchises; (2) knowledge of sales and profit performance of any one or more The Joint Corp. franchises; (3) knowledge of sources of products sold at The Joint Corp. franchises, advertising and promotional programs, and image and decor; (4) the Joint Software; (5) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of The Joint Corp. franchises; and (6) the selection and methods of training employees. We will disclose much of the above-described information to you in advising you about site selection, providing our Initial Training, the Operations Manual, the Joint Software, and providing guidance and assistance to you under this Agreement. In addition, in the course of the operation of your Franchise, you or your employees may develop ideas, concepts, methods, or techniques of improvement relating to the Franchise that you disclose to us, and that we may then authorize you to use in the operation of your Franchise, and may use or authorize others to use in other The Joint Corp. franchises owned or franchised by us or our affiliates. Any such information disclosed to or developed by you will be referred to in this Agreement as "Confidential Information".

9.2 Non-Disclosure Agreement.

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 the Franchise, 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 belongs to us, may contain 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 (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form that may be copied or duplicated; and (4) 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 without limitation restrictions on disclosure to your employees, and the use of non-disclosure and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information.

9.3 Non-Competition Agreement.

You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure, and would be unable to encourage a free exchange of ideas and information among The Joint Corp. franchises, if franchise owners of The Joint Corp. franchises were permitted to hold interests in any competitive businesses (as described below). Therefore, during the term of this Agreement, neither you, nor any Principal Owner, nor any member of your immediate family or of the immediate family of any Principal Owner, shall perform services for, or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in, any business that offers products or services the same as or similar to those offered or sold at The Joint Corp. Location franchises. The ownership of one percent (1%) or less of a publicly traded company will not be deemed to be prohibited by this Paragraph. Upon expiration or termination of this Agreement for any reason, you agree not to engage in a competitive business for a period of two (2) years after the termination or expiration and within twenty-five (25) miles of your Franchise Premises or any other The Joint Corp. Location franchise location.

10. THE JOINT CORP. FRANCHISE OPERATING STANDARDS.

10.1 Condition and Appearance of the Franchise.

You agree that:

(a) neither the Franchise nor the Premises will be used for any purpose other than the operation of the Franchise in compliance with this Agreement;

(b) you will maintain the condition and appearance of the Franchise; its equipment, furniture, furnishings, and signs; and the Premises in accordance with our standards and consistent with the image of a The Joint Corp. Location franchise as an efficiently operated business offering high quality services, and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and in that connection will take, without limitation, the following actions during the term of this Agreement: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (2) interior and exterior repair of the Premises; and (3) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings and signs;

(c) you will not make any material alterations to the Premises or the appearance of the Franchise, as originally developed, without our advance written approval. If you do so, we have the right, at our option and at your expense, to rectify alterations we have not previously approved;

(d) you will promptly replace or add new equipment when we reasonably specify in order to meet changing standards or new methods of service;

(e) you will expend at least Six Thousand and No/100 Dollars ($6,000.00) every four (4) years in remodeling, expansion, redecorating and/or refurnishing of the Premises and the Franchise, if deemed necessary by us (any changes to the decoration or furnishing of the Premises must be approved by us);

(f) on notice from us, you will engage in remodeling, expansion, redecorating and/or refurnishing of the Premises and the Franchise to reflect changes in the operations of The Joint Corp. franchises that we prescribe and require of new franchisees, provided that (1) no material changes will be required unless there are at least two (2) years remaining on the Initial Term of the Franchise (any changes to the decoration or furnishing of the Premises must be approved by us); and (2) we have required the proposed change in at least twenty-five percent (25%) of all similarly situated Company and affiliate-owned The Joint Corp. Locations, and have undertaken a plan to make the proposed change in the balance of such Company and affiliate-owned Locations (any expenditures incurred pursuant to this Paragraph 10.1(f) shall apply to the requirement in Paragraph 10.1(e));

(g) you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve; and

(h) if at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the premises of the Franchise or its fixtures, equipment, furniture, or signs do not meet our standards, then we shall have the right to notify you specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within (ten) 10 days after receipt of our notice, and then continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, then we shall have the right, in addition to all other remedies available to us at law or under this Agreement, to enter the Premises or the Franchise and perform any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand.

10.2 Franchise Services and Products.

You agree that (a) the Franchise will offer for sale all services and products that we from time to time specify for Locations, (b) the Franchise will offer and sell approved services and products only in the manner we have prescribed; (c) you will not offer for sale or sell at the Franchise, the Premises, or any other location any services or products we have not approved; (d) all products will be offered at retail prices, and you will not offer or sell any products at wholesale prices; (e) you will not use the Premises for any purpose other than the operation of the Franchise; and (f) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing. In the event that you use, sell or distribute unauthorized products or services, and do not cease the use, sale, or distribution of unauthorized services or products within ten (10) days after written notice is given to you, we reserve the right to terminate this agreement and/or charge you a fee of One Hundred and No/100 Dollars ($100.00) for each day that you fail to comply with our demand to cease the use, sale or distribution of unauthorized products or services, which is a reasonable estimate of the damages we would incur from your continued use, sale or distribution of unauthorized products or services, and not a penalty. You agree to maintain an inventory of approved products sufficient in quantity and variety to realize the full potential of the Franchise. We may, from time to time, conduct market research and testing to determine consumer trends and the saleability of new services and products. You agree to cooperate by participating in our market research programs, test marketing new services and products in the Franchise, and providing us with timely reports and other relevant information regarding such market research. In connection with any such test marketing, you agree to offer a reasonable quantity of the products or services being tested, and effectively promote and make a reasonable effort to sell them.

10.3 Approved Products, Distributors and Suppliers.

We have developed or may develop various unique products or services that may be prepared according to our formulations. We have approved, and will continue to periodically approve, specifications for suppliers and distributors (which may include us and/or our affiliates) for products or services required to be purchased by, or offered and sold at, The Joint Corp. Location franchises, that meet our standards and requirements, including without limitation standards and requirements relating to product quality, prices, consistency, reliability, and customer relations. You understand and acknowledge we will not be liable to you or anyone else for any damages or claims arising out of or resulting from the acts or omissions any supplier and distributor of products or services, whether or not such supplier or distributor is an approved or required supplier or distributor of products or services. You agree that the Franchise will: (1) purchase any required products or services in such quantities as we designate; (2) utilize such formats, formulae, and packaging for products or services as we prescribe; and (3) purchase all designated products and services only from distributors and other suppliers we have approved. In the event we designate a required supplier or distributor during the term of this Agreement, or any subsequent franchise agreement, you must begin to use such required supplier or distributor with thirty (30) days of the date we notify you that you must use such supplier or distributor, unless we designate a longer period for you to switch or convert over to such supplier or distributor. Your failure or refusal to do so shall constitute a breach of this Agreement.

We may approve a single distributor or other supplier (collectively "supplier") for any product, and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of The Joint Corp. Locations franchised or operated by us. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria, and may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

We and/or our affiliates may be an approved supplier of certain products or services to be purchased by you for use and/or sale by the Franchise. We and our affiliates reserve the right to charge any licensed manufacturer engaged by us or our affiliates a royalty to manufacture products for us or our affiliates, or to receive commissions or rebates from vendors that supply goods or services to you. We or our affiliates may also derive income from our sale of products or services to you, and may sell these items at prices exceeding our or their costs in order to make a profit on the sale.

10.4 Hours of Operation.

You agree to keep the Franchise open for business at such times and during such hours as we may prescribe from time to time.

10.5 Specifications, Standards and Procedures.

You agree to comply with all mandatory specifications, standards, and operating procedures relating to the appearance, function, cleanliness, sanitation and operation of the Franchise. Any mandatory specifications, standards, and operating procedures that we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to "this Agreement" include all such mandatory specifications, standards, and operating procedures.

10.6 Compliance with Laws and Good Business Practices.

You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchise. You also agree to operate the Franchise in full compliance with all applicable laws, ordinances, and regulations, including without limitation all government regulations relating to worker's compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes.

All advertising you employ must be completely factual, in good taste (in our judgment), and conform to the highest standards of ethical advertising and all legal requirements. You agree that in all dealings with us and any of our affiliates, other franchisees, your customers, your suppliers, and public officials, you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice that may be harmful to the business of the Company, the Franchise, and/or the goodwill associated with the Marks and other The Joint Corp. franchises.

You must notify us in writing within 5 days of (1) the commencement of any action, suit, or proceeding, and/or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, that may adversely affect your and/or the Franchise's operation, financial condition, or reputation; and/or (2) your receipt or knowledge any notice of violation of any law, ordinance, or regulation relating to health or safety.

10.7 Management and Personnel of the Franchise.

Unless we approve your employment of a General Manager to operate the Franchise as provided in Paragraph 4.1, you must actively participate in the actual, on-site, day-to-day operation of the Franchise, and devote as much of your time as is reasonably necessary for the efficient operation of the Franchise. If you are other than an individual, then at least one (1) Principal Owner, director, officer, or other employee of you whom we approve must comply with the this requirement. If we agree that you may employ a General Manager, then the General Manager must fulfill this requirement. Any General Manager shall each obtain all licenses and certifications required by law before assuming his or her responsibilities at the Franchise. You will ensure that your employees and independent contractors of the Franchise have any licenses as may be required by law, and hold or are pursuing any licenses, certifications, and/or degrees required by law or by us in the Operations Manual, as updated from time to time. You will be exclusively responsible for the terms of your employees' and independent contractors' employment and compensation, and for the proper training of your employees and independent contractors in the operation of the Franchise. You must establish any training programs for your employees and/or independent contractors that we may prescribe in writing from time to time. You must require all employees and independent contractors to maintain a neat and clean appearance, and conform to the standards of dress that we specify in the Operations Manual, as updated from time to time. Each of your employees and independent contractors must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information, proprietary information, and trade secrets as described in Paragraph 9.1, and to abide by the covenants not to compete described in Paragraph 9.3. You must forward to us a copy of each such signed agreement. All of your employees and independent contractors must render prompt, efficient and courteous service to all customers of the Franchise. You agree not to recruit or hire, either directly or indirectly, any employee (or a former employee, for sixty (60) days after his or her employment has ended) of any The Joint Corp. Location franchise operated by us, our affiliates, or another The Joint Corp. franchise owner without first obtaining the written consent of us, our affiliate, or the franchise owner that currently employs (or previously employed) such employee. If you violate this provision, in addition to any other right or remedy we may have, you agree to pay the employee's current or former employer twice the employee's annual salary, plus all costs and attorneys' fees incurred as a result of the violation. This amount is set at twice the employee's annual salary because it is a reasonable estimation of the damages that would occur from such a breach, and it will almost certainly be impossible to calculate precisely the actual damages from such a breach.

10.8 Insurance.

Before you open the Franchise and during any Term of this Agreement, you must maintain in force, under policies of insurance written on an occurrence basis issued by carriers with an A.M. Best rating of A-VIII or better approved by us, and in such amounts as we may determine from time to time: (1) comprehensive public, professional, product, medical malpractice and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchise or otherwise in conjunction with your conduct of the Franchise Business pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage amounts as set forth in the Operations Manual; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Franchise and its contents, and any other assets of the Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than six (6) months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than $1,000,000/$3,000,000 or such other amounts that we may establish in the Operations Manual. You must purchase such insurance coverage(s) only from our approved or designated supplier(s). We may periodically increase or decrease the amounts of coverage required under these insurance policies, and/or require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Each insurance policy must name us (and, if we so request, our members, directors, employees, agents, and affiliates) as additional insureds, and must provide us with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy. Deductibles must be in reasonable amounts, and are subject to review and written approval by us. You must provide us with copies of policies evidencing the existence of such insurance concurrently with execution of this Agreement and prior to each subsequent renewal date of each insurance policy, along with certificates evidencing such insurance. You are responsible for any and all claims, losses or damages, including to third persons, originating from, in connection with, or caused by your failure to name us as an additional insured on each insurance policy. You agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage arising out of your failure to name us as additional insured, which indemnity shall survive the termination or expiration and non-renewal of this Agreement.

Prior to the expiration of the term of each insurance policy, you must furnish us with a copy of a renewal or replacement insurance policy and appropriate certificates of insurance. If you at any time fail or refuse to maintain any insurance coverage required by us or to furnish satisfactory evidence thereof, then we, at our option and in addition to our other rights and remedies under this Agreement, may, but need not, obtain such insurance coverage on your behalf, and you shall reimburse us on demand for any costs or premiums paid or incurred by us, including any administrative fees or surcharges that we may incur. If you fail to pay us within ten (10) days of our demand for reimbursement, we reserve the right to debit your account the amounts owed to us for any premiums paid on your behalf for such insurance coverage along with any other costs, surcharges expenses and fees we incur to obtain such coverage on your behalf or on behalf of your franchise. We reserve the right to require you to provide us with an application for insurance (in a form acceptable to our required supplier for insurance) for any medical professional that has been offered a position to work in a Franchise location so that we may, if you fail to do so, procure any necessary insurance coverage for such medical professional.

Notwithstanding the existence of such insurance, you are and will be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Franchise, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage, which indemnity shall survive the termination or expiration and non-renewal of this Agreement. In addition to the requirements of the foregoing paragraphs of this Paragraph 10.8, you must maintain any and all insurance coverage in such amounts and under such terms and conditions as may be required in connection with your lease or purchase of the Premises.

Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under Section 7 of this Agreement.

10.9 Credit Cards and Other Methods of Payment.

You must at all times have arrangements in existence with Visa, Master Card, American Express, Discover and any other credit and debit card issuers or sponsors, check verification services, and electronic fund transfer systems that we designate from time to time, in order that the Franchise may accept customers' credit and debit cards, checks, and other methods of payment. We may require you to obtain such services through us or our affiliates.

10.10 Pricing.

To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that the Franchise location offers, including without limitation, prices for promotions in which all or certain The Joint Franchise locations participate. If we establish such prices for any services or products, you agree not to exceed or reduce that price, but will charge the price for the service or product that we establish. You hereby agree to apply any pricing matrix or schedule established by us. If you wish to offer an alternate pricing matrix, you must obtain our prior written approval. In states where you must enter a Management Agreement (Section 2.3), this provision shall be modified, to the extent legally permissible, and/or legally construed to conform to the laws of the state where your Franchise location will be located.

11. ADVERTISING.

11.1 By Company.

As stated in Paragraph 6.3, due to the value of advertising and the importance of promoting the public image of The Joint Corp. Location franchises, we will establish, maintain, and administer one or more Ad Funds to support and pay for national, regional, and/or local marketing programs that we deem necessary, desirable, or appropriate to promote the goodwill and image of all The Joint Corp. Location franchises. You will contribute to the Ad Fund the Advertising Fee set forth in Section 6.3. We agree that any Locations owned by us or our affiliates will contribute to the Ad Fund on at least the same basis as you do.

We will be entitled to direct all advertising programs financed by the Ad Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. We will have the sole discretion to use the Ad Fund to pay the costs of preparing and producing video, audio, and written advertising materials; administering regional, multi-regional and/or national advertising programs; including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. and providing advertising and marketing materials to The Joint Corp. Location franchises. We may in our discretion use the Ad Fund to engage in advertising and promotional programs that benefit only one or several regionals, and not necessarily all Location franchises Ad Funds. The Ad Fund will furnish you with approved advertising materials at its direct cost of producing those advertising materials. The amounts you contribute to the Ad Fund will not be used for placement of advertising in television, radio, newspaper or other media. Rather, any collective media placement will be conducted through the local and regional advertising cooperatives described in Section 11.3.

The Ad Fund will be accounted for separately from other funds of the Company, and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs, and overhead we may incur in activities reasonably related to the administration of the Ad Fund and its advertising programs (including without limitation conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund). We may spend in any fiscal year an amount greater or less than the total contributions to the Ad Fund in that year. We may cause the Ad Fund to borrow from us or other lenders to cover deficits of the Ad Fund, or to invest any surplus for future use by the Ad Fund. You authorize us to collect for remission to the Ad Fund any advertising monies or credits offered by any supplier to you based upon purchases you make. We will prepare an annual statement of monies collected and costs incurred by the Ad Fund and will make it available to you on written request.

You understand and acknowledge that the Ad Fund will be intended to maximize recognition of the Marks and patronage of The Joint Corp. Location franchises. Although we will endeavor to use the Ad Fund to develop advertising and marketing materials, and to place advertising in a manner that will benefit all The Joint Corp. Location franchises, we undertake no obligation to ensure that expenditures by the Ad Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Ad Fund by The Joint Corp. Location franchises operating in that geographic area, or that any The Joint Corp. Location franchise will benefit directly or in proportion to its contribution to the Ad Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Paragraph, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Ad Fund.

We will have the right to terminate the Ad Fund by giving you thirty (30) days' advance written notice. All unspent monies on date of termination will be divided between the Company and the contributing The Joint Corp. Location franchisees in proportion to our and their respective contributions. At any time thereafter, we will have the right to reinstate the Ad Fund under the same terms and conditions as described in this Section (including the rights to terminate and reinstate the Ad Fund) by giving you thirty (30) days' advance written notice of reinstatement.

11.2 By Franchise Owner.

You must spend, in addition to any contributions to the Ad Fund, a minimum of the greater of (a) Three Thousand and No/100 Dollars ($3,000.00); or (b) five percent (5%) of the Franchise's gross revenues for each month during the term of this Agreement, as outlined in Paragraph 6.4, for local advertising, promotion and marketing. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising.

You agree to list and advertise the Franchise in each of the classified telephone directories distributed within your market area, in those business classifications as we prescribe from time to time, using any standard form of classified telephone directory advertisement we may provide.

On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. If you do not receive our written disapproval within fifteen (15) days from the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising or promotional materials that we have disapproved. You will be solely responsible and liable to ensure that all advertising, marketing, and promotional materials and activities you prepare comply with applicable federal, state, and local law, and the conditions of any agreements or orders to which you may be subject.

11.3 Regional Advertising Cooperatives.

In the event that more than one The Joint Corp. Location franchise is located in an area of dominant influence ("ADI"), we reserve the right to form a regional advertising cooperative (the "Regional Ad Co-op"). We also reserve the right to require you to join the Regional Ad Co-op and to contribute to its funding. We reserve the right to determine the amount to be contributed by each member of the Regional Ad Co-op as necessary. The required contributions to any Regional Ad Co-op will not be credited against the Local Advertising Requirement set forth in Paragraphs 6.4(a) and 11.2.

11.4 Websites and Other Forms of Advertising Media.

You acknowledge and agree that any Website or Other Forms of Advertising Media (as defined below) will be deemed "advertising" under this Agreement, and will be subject to, among other things, the need to obtain our prior written approval in accordance with Paragraphs 7.2 and 11.2. As used in this Agreement, the term or reference to "Website or Other Forms of Advertising Media" means any interactive system, including but not limited to all types of online communications, virtual applications, social media, or the like, including but not limited to Groupon, Living Social, Facebook, Twitter, etc., that you operate or use, or authorize others to operate or use, and that refer to the Franchise, the Marks, us, and/or the System. The term or reference Website or Other Forms of Advertising Media includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website or Other Forms of Advertising Media, you agree to the following:

(a) Before establishing any Website or Other Form of Advertising Media, you will submit to us a sample of such Website or Other Form of Advertising Media format and information in the form and manner we may require.

(b) You will not establish or use any Website or Other Forms of Advertising Media without our prior written approval.

(c) In addition to any other applicable requirements, you must comply with our standards and specifications for Website or Other Forms of Advertising Media as we prescribe in the Operations Manual or otherwise in writing, including any specifications relating to the use of organic and paid search engine optimization, keyword and landing page management. If we require, you will establish a website as part of our corporate website and/or establish electronic links to our corporate website.

(d) If you propose any material revision to Website or Other Forms of Advertising Media or any of the information contained therein, you will submit each such revision to us for our prior written approval.

12. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS.

You agree to maintain, at your own expense, the Joint Software and accounting software, to act as a bookkeeping, accounting, and record keeping system for the Franchise. The Joint Software includes the capability of being polled by our central computer system, which you agree to permit. With respect to the operation and financial condition of the Franchise, we will pull from the Joint Software (if available), or require you to provide from your accounting software in a form we designate, or in accordance with General Acceptably Accounting Principles ("GAAP"), as the case may be, the following: (1) by Tuesday of each week, an electronic report of the Franchise's gross revenues for the preceding week ending on, and including, Sunday, and any other data, information, and supporting records that we may require; (2) by the thirtieth (30^{th}) day of each month, a profit and loss statement for the preceding calendar month, and a year-to-date profit and loss statement and balance sheet; (3) within ninety (90) days after the end of your fiscal year, a fiscal year-end balance sheet, and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments; and (4) such other reports as we require from time to time (collectively, the "Reports"). You agree to input all Franchise transactions into the Joint Software and your accounting software in a timely manner to ensure that all Reports are accurate. If it is determined that any information was omitted from the Joint Software or your accounting software was input inaccurately, or you have failed to provide us any required Reports, we may charge a non-refundable accounting fee of One Hundred and No/100 Dollars ($100.00), payable in a lump sum by the fifth (5th) day of the month following the month during which the inaccurate report was submitted or for any late Reports. You agree to maintain and furnish upon our request complete copies of federal and state income tax returns you file with the Internal Revenue Service and state tax departments, reflecting revenues and income of the Franchise or the corporation, partnership, or limited liability company that holds the Franchise. We reserve the right to require you to have audited or reviewed financial statements prepared by a certified public accountant on an annual basis. You agree to retain hard copies of all records for a minimum of four (4) years.

13. INSPECTIONS AND AUDITS.

13.1 Company's Right to Inspect the Franchise.

To determine whether you and the Franchise are complying with this Agreement and the specifications, standards, and operating procedures we prescribe for the operation of the Franchise, we or our agents have the right, at any reasonable time and without advance notice to you, to: (1) inspect the Premises; (2) observe the operations of the Franchise for such consecutive or intermittent periods as we deem necessary; (3) interview personnel of the Franchise; (4) interview customers of the Franchise; and (5) inspect and copy any books, records and documents relating to the operation of the Franchise. You agree to fully cooperate with us in connection with any of those inspections, observations and interviews. You agree to present to your customers any evaluation forms we periodically prescribe, and agree to participate in, and/or request that your customers participate in, any surveys performed by or on our behalf. Based on the results of any such inspections and audits and your other reports, we may provide to you such guidance and assistance in operating your Franchise as we deem appropriate.

13.2 Company's Right to Audit.

We have the right at any time during business hours, and without advance notice to you, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchise, and the books and records of any corporation, limited liability company, or partnership that holds the Franchise. You agree to fully cooperate with our representatives and any independent accountants we may hire to conduct any inspection or audit. If the inspection or audit is necessary because of your failure to furnish any reports, supporting records, other information or financial statements as required by this Agreement, or to furnish such reports, records, information, or financial statements on a timely basis, or if an understatement of gross revenues for any period is determined by an audit or inspection to be greater than two percent (2%), then you agree to pay us all monies owed, plus interest of one and one-half percent (1.5%) per month, and reimburse us for the cost of such inspection or audit, including without limitation any attorneys' fees and/or accountants' fees we may incur, and the travel expenses, room and board, and applicable per diem charges for our employees or contractors. The above remedies are in addition to all our other remedies and rights under this Agreement or under applicable law.

14. TRANSFER REQUIREMENTS.

14.1 Organization.

If you are a corporation, partnership or limited liability company (or if this Agreement is assigned to a corporation, partnership or limited liability company with our approval), you represent and warrant to us that you are and will continue to be throughout the term of this Agreement, duly organized and validly existing in good standing under the laws of the state of your incorporation, registration or organization, that you are qualified to do business and will continue to be qualified to do business throughout the term of this Agreement in all states in which you are required to qualify, that you have the authority to execute, deliver and carry out all of the terms of this Agreement, and that during the term of this Agreement the only business you (i.e., the corporate, partnership or limited liability entity) will conduct will be the development, ownership and operation of the Franchise.

14.2 Interests in Franchise Owner; Reference to Exhibit 4.

You and each Principal Owner represent, warrant and agree that all "Interests" in Franchise Owner are owned in the amount and manner described in Exhibit 4. No Interests in Franchise Owner will, during the term of this Agreement, be "public" securities (i.e., securities that require, for their issuance, registration with any state or federal authority). (An "Interest" is defined to mean any shares, membership interests, or partnership interests of Franchise Owner and any other equitable or legal right in any of Franchise Owner's stock, revenues, profits, rights or assets. When referring to Franchise Owner's rights or assets, an "Interest" means this Agreement, Franchise Owner's rights under and interest in this Agreement, any The Joint Corp. franchise, or the revenues, profits or assets of any The Joint Corp. franchise.) You and each Principal Owner also represent, warrant, and agree that no Principal Owner's Interest has been given as security for any obligation (i.e., no one has a lien on or security interest in a Principal Owner's Interest), and that no change will be made in the ownership of an Interest other than as expressly permitted by this Agreement or as we may otherwise approve in writing. You and each Principal Owner agree to furnish us with such evidence as we may request from time to time to assure ourselves that the Interests of Franchise Owner and each of your Principal Owners remain as permitted by this Agreement, including a list of all persons or entities owning any Interest, as defined above. If you have transferred your Interests in violation of this Agreement you shall be considered in breach of this Agreement.

14.3 Transfer by Company.

This Agreement is fully transferable by us and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to our interests in this Agreement.

14.4 No Transfer Without Approval.

You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your Principal Owners. Accordingly, neither this Agreement nor any part of your interest in it, nor any Interest (as defined in Paragraph 14.2) of Franchise Owner or a Principal Owner, may be transferred (see definition below) without our advance written approval if such transfer will result in the Principal Owner(s) set forth in Exhibit 4 holding less than a seventy-five percent (75%) Interest in Franchise Owner. Any Transfer that is made without our approval will constitute a breach of this Agreement and convey no rights to or interests in this Agreement, you, the Franchise, or any other The Joint Corp. franchise.

As used in this Agreement the term "Transfer" means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest, or occurrence of any other event which would or might change the ownership of any Interest, and includes, without limitation: (1) the Transfer of ownership of capital stock, partnership interest or other ownership interest (including the granting of options (such as stock options or any option which give anyone ownership rights now or in the future); (2) merger or consolidation, or issuance of additional securities representing an ownership interest in Franchise Owner; (3) sale of common stock of Franchise Owner sold pursuant to a private placement or registered public offering; (4) Transfer of an Interest in a divorce proceeding or otherwise by operation of law; or (5) Transfer of an Interest by will, declaration of or transfer in trust, or under the laws of intestate succession.

We will not unreasonably withhold consent to a Transfer of an Interest by a Principal Owner to a member of his or her immediate family or to your key employees, so long as all Principal Owners together retain a "controlling Interest" (i.e., the minimum ownership percentage listed in Exhibit 4), although we reserve the right to impose reasonable conditions on the Transfer as a requirement for our consent.

Interests owned by persons other than the Principal Owners ("minority owners") may be Transferred without our advance consent unless the Transfer would give that transferee and any person or group of persons affiliated or having a common interest with the transferee more than a collective twenty-five percent (25%) Interest in Franchise Owner, in which case our advance written approval for the Transfer must be obtained. Your formal partnership, corporation or other formation documents and all stock certificates, partnership units or other evidence of ownership must recite or bear a legend reflecting the transfer restrictions of this Paragraph 14.4.

14.5 Conditions for Approval of Transfer.

If you and your Principal Owners are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all the applicable requirements of this Section 14. The person or entity to whom you wish to make the Transfer, or its principal owners ("Proposed New Owner"), must be individuals of good moral character and otherwise meet our then-applicable standards for The Joint Corp. Location franchisees. If you propose to Transfer this Agreement, the Franchise or its assets, or any Interest, or if any of your Principal Owners proposes to Transfer a controlling Interest in you or make a Transfer that is one of a series of Transfers which taken together would constitute the Transfer of a controlling Interest in you, then all of the following conditions must be met before or at the time of the Transfer:

(a) the Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the Franchise;

(b) you must pay any amounts owed for purchases from us and our affiliates, and any other amounts owed to us or our affiliates which are unpaid;

(c) the Proposed New Owner's directors and such other personnel as we may designate must have successfully completed our Initial Training program, and shall be legally authorized and have all licenses necessary to perform the services offered by the Franchise. The Proposed New Owner shall be responsible for any wages and compensation owed to, and the travel and living expenses (including all transportation costs, room, board and meals) incurred by, the attendees who attend the Initial Training program;

(d) if your lease for the Premises requires it, the lessor must have consented to the assignment of the lease of the Premises to the Proposed New Owner;

(e) you (or the Proposed New Owner) must pay us a Transfer fee equal to seventy-five percent (75%) of the then current initial franchise fee we charge to new Start-up Location franchisees, and must reimburse us for any reasonable expenses incurred by us in investigating and processing any Proposed New Owner where the Transfer is not consummated for any reason;

(f) you and your Principal Owners and your and their spouses must execute a general release (in a form satisfactory to us) of any and all claims you and/or they may have against us, our affiliates, and our and our affiliates' respective officers, directors, employees, and agents;

(g) we must approve the material terms and conditions of the proposed Transfer, including without limitation that the price and terms of payment are not so burdensome as to adversely affect the operation of the Franchise;

(h) the Franchise and the Premises shall have been placed in an attractive, neat and sanitary condition;

(i) you and your Principal Owners must enter into an agreement with us providing that all obligations of the Proposed New Owner to make installment payments of the purchase price (and any interest on it) to you or your Principal Owners will be subordinate to the obligations of the Proposed New Owner to pay any amounts payable under this Agreement or any new Franchise Agreement that we may require the Proposed New Owner to sign in connection with the Transfer;

(j) you and your Principal Owners must enter into a non-competition agreement wherein you agree not to engage in a competitive business for a period of two (2) years after the Transfer and within twenty-five (25) miles of your Franchise Premises or any other The Joint Corp. Location franchise location;

(k) the Franchise shall have been determined by us to contain all equipment and fixtures in good working condition, as were required at the initial opening of the Franchise. The Proposed New Owner shall have agreed, in writing, to make such reasonable capital expenditures to remodel, equip, modernize and redecorate the interior and exterior of the premises in accordance with our then existing plans and specifications for a The Joint Corp. Location franchise, and shall have agreed to pay our expenses for plan preparation or review, and site inspection;

(l) upon receiving our consent for the Transfer or sale of the Franchise, the Proposed New Owner shall agree to assume all of your obligations under this Agreement in a form acceptable to us, or, at our option, shall agree to execute a new Franchise Agreement with us in the form then being used by us. We may, at our option, require that you guarantee the performance, and obligations of the Proposed New Owner; and

(m) you must have properly offered us the opportunity to exercise our right of first refusal as described below, and we must have then declined to exercise it.

14.6 Right of First Refusal.

If you or any of your Principal Owners wishes to Transfer any Interest, we will have a right of first refusal to purchase that Interest as follows. The party proposing the Transfer (the "transferor") must obtain a bona fide, executed written offer (accompanied by a "good faith" earnest money deposit of at least five percent (5%) of the proposed purchase price) from a responsible and fully disclosed purchaser, and must submit an exact copy of the offer to us. You also agree to provide us with any other information we need to evaluate the offer, if we request it within five (5) days of receipt of the offer. We have the right, exercisable by delivering written notice to the transferor within fifteen (15) days from the date of last delivery to us of the offer and any other documents we have requested, to purchase the Interest for the price and on the terms and conditions contained in the offer, except that we may substitute cash for any form of payment proposed in the offer, and will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed Transfer. We also will not be required to pay any amount for any claimed value of intangible benefits, for example, possible tax benefits that may result by structuring and/or closing the proposed Transfer in a particular manner or for any consideration payable other than the bona fide purchase price for the Interest proposed to be transferred. (In fact, we may in our sole and absolute discretion withhold consent to any proposed Transfer if the offer directly or indirectly requires payment of any consideration other than the bona fide purchase price for the Interest proposed to be transferred.) Our credit will be deemed equal to the credit of any other proposed purchaser, and we will have at least sixty (60) days to prepare for closing. We will be entitled to all customary representations and warranties given purchasers in connection with such sales. If the proposed Transfer includes assets not related to the operation of the Franchise, we may purchase only the assets related to the operation of the Franchise or may also purchase the other assets. (An equitable purchase price will be allocated to each asset included in the Transfer.)

If we do not exercise our right of first refusal, the transferor may complete the sale to the Proposed New Owner pursuant to and on the terms of the offer, as long as we have approved the Transfer as provided in this Section 14. You must immediately notify us of any changes in the terms of an offer. Any material change in the terms of an offer before closing will make it a new offer, revoking any previous approval or previously made election to purchase and giving us a new right of first refusal effective as of the day we receive formal notice of a material change in the terms. If the sale to the Proposed New Owner is not completed within one hundred twenty (120) days after we have approved the Transfer, our approval of the proposed Transfer will expire. Any later proposal to complete that proposed Transfer will be deemed a new offer, giving us a new right of approval and right of first refusal effective as of the day we receive formal notice of the new (or continuing) proposal. We will not exercise a right of first refusal with respect to a proposed Transfer of less than a controlling interest to a member of a Principal Owner's immediate family or to your key employees.

14.7 Death and Disability.

Upon the death or permanent disability of you or a Principal Owner, the executor, administrator, conservator or other personal representative of the deceased or disabled person must Transfer the deceased or disabled person's Interest within a reasonable time, not to exceed forty-five (45) days from the date of death or permanent disability, to a person we have approved. Such Transfers, including without limitation transfers by a will or inheritance, will be subject to all the terms and conditions for assignments and Transfers contained in this Agreement. Failure to so dispose of an Interest within the forty-five (45) day period of time will constitute grounds for termination of this Agreement.

14.8 Effect of Consent to Transfer.

Our consent to a proposed Transfer pursuant to this Section 14 will not constitute a waiver of any claims we may have against you or any Principal Owner, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner.

14.9 Consent Not Unreasonably Delayed.

If all the conditions are met to transfer the FA or any interest therein, we will not unreasonably delay granting our consent to the transfer.

15. TERMINATION OF THE FRANCHISE.

We have the right to terminate this Agreement effective upon delivery of notice of termination to you, if: (1) you do not develop or open the Franchise as provided in this Agreement; (2) you abandon, surrender, transfer control of, lose the right to occupy the Premises of, or do not actively operate, the Franchise, or your lease for or purchase of the location of the Franchise is terminated for any reason; (3) you or your Principal Owners assign or Transfer this Agreement, any Interest, the Franchise, or assets of the Franchise without complying with the provisions of Section 14; (4) you are adjudged a bankrupt, become insolvent or make a general assignment for the benefit of creditors; (5) you use, sell, distribute or give away any unauthorized services or products, and do not cease the use, sale, or distribution of unauthorized services or products within ten (10) days after written notice is given to you; (6) you fail to maintain a valid license to practice and/or fail to maintain compliance with state and federal regulations and do not cure the failure within twenty (20) days after written notice is given to you; (7) you or any of your Principal Owners are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; (8) you are involved in any action that is likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; (9) you or any of your employees violate any health or safety law, ordinance or regulation, or operate the Franchise in a manner that presents a health or safety hazard to your customers or the public; (10) you do not pay when due any monies owed to us or our affiliates, and do not make such payment within ten (10) days after written notice is given to you; (11) you fail to meet the minimum local advertising expenditures required in Section 11.2, and to provide the required proof of your expenditures; (12) you or any of your Principal Owners fail to comply with any other provision of this Agreement or any mandatory specification, standard, or operating procedure or you fail to make changes required to comply with applicable state or federal laws within twenty (20) days after written notice of such failure to comply is given to you; (13) you fail to procure or maintain any and all insurance coverage that we require, or otherwise fail to name us as an additional insured on any such insurance policies and failure to do so within ten (10) days after written notice is given to you; or (13) you or any of your Principal Owners fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due any financial statements, reports or other data, information, or supporting records; pay when due any amounts due under this Agreement; or otherwise fail to comply with this Agreement, whether or not such failures to comply are corrected after notice is given to you or your Principal Owners.

In addition, if, in the opinion of our legal counsel, any provision of this Agreement is contrary to law, then you and we agree to negotiate in good faith an amendment that would make this Agreement conform to the applicable legal requirements. If you and we are unable to reach such an agreement, or if fundamental changes to this Agreement are required to make it conform to the legal requirements, then we reserve the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

In the event that we terminate this Agreement under this Section or other applicable provisions of this Agreement, we shall be entitled, in those states in which such termination fees are enforceable, to receive from you a termination fee in the amount equal to one-half (1/2) of our then-current initial franchise fee for new The Joint Corp. Location franchises (the "Termination Fee"). The Termination Fee shall be payable by you in addition to any damages payable to us, including loss of future revenues, resulting from your improper or wrongful breach or other termination of this Agreement. We shall be entitled to recover all costs, including attorneys' fees, incurred in connection with the termination and collection of the Termination Fee.

If you continue to operate the Franchise after termination of this Agreement, in addition to any other right or remedy we may have (including the Termination Fee), you agree to pay to us the amount of One Thousand and No/100 Dollars ($1,000.00) per day that you operate the Franchise in violation of this Agreement, plus all costs and attorneys' fees incurred as a result of the violation. This amount is set at $1,000 per day because it is a reasonable estimation of the damages that would occur from such a breach, and it will almost certainly be impossible to calculate precisely the actual damages from such a breach.

16. RIGHTS AND OBLIGATIONS OF COMPANY AND FRANCHISE OWNER UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.

16.1 Payment of Amounts Owed to Company.

You agree to pay us within five (5) days after the effective date of termination or expiration of the Franchise, or any later date that the amounts due to us are determined, all amounts owed to us or our affiliates which are then unpaid.

16.2 Marks.

You agree that after the termination or expiration of the Franchise you will:

(a) not directly or indirectly at any time identify any business with which you are associated as a current or former The Joint Corp. franchise or franchisee;

(b) not use any Mark or any colorable imitation of any Mark in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us;

(c) return to us or destroy (whichever we specify) all customer lists, forms and materials containing any Mark or otherwise relating to a The Joint Corp. franchise;

(d) remove all Marks affixed to uniforms or, at our direction, cease to use those uniforms; and

(e) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark.

16.3 De-Identification.

If you retain possession of the Premises, you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to disassociate the Premises with the image of a The Joint Corp. franchise, including any signage bearing the Marks. If you do not take the actions we request within thirty (30) days after notice from us, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.

16.4 Confidential Information.

You agree that on termination or expiration of the Franchise you will immediately cease to use any of the Confidential Information, and agree not to use it in any business or for any other purpose. You further agree to immediately return to us all copies of the Operations Manual and any written Confidential Information or other confidential materials that we have loaned or provided to you. Upon

16.5 Joint Software.

You agree that on termination or expiration of the Franchise, you will immediately cease to use the Joint Software and will uninstall it from all computer systems owned by the Franchise.

16.6 Company's Option to Purchase the Franchise.

Upon the termination or expiration of the Franchise, we will have the option, but not the obligation, exercisable for thirty (30) days upon written notice to you, to purchase at fair market value all of the assets of the Franchise, including all approved equipment, fixtures, furniture and signs and all supplies, materials, and other items imprinted with any Mark, and to take an assignment of the lease for the Premises and any other lease or concession agreement necessary for the operation of the Franchise. If you and we cannot agree on the fair market value of the assets of the Franchise within a reasonable time, such value shall be determined by an average of the appraisals of two (2) independent appraisers, one of whom will be selected by you and one of whom will be selected by us. If the appraisals differ by more than ten percent (10%), then you and we will mutually agree on a value, or if you and we cannot agree, our appraisers will select a third appraiser whose determination of market value will be final. We shall not assume any liabilities, debts or obligations of the Franchise in connection with any such transfer, and you will indemnify us from any and all claims made against us arising out of any such transfer of the assets of the Franchise. All parties will comply with all applicable laws in connection with any such transfer, and you agree to cooperate with us in complying with all such requirements.

The closing shall occur within thirty (30) days after we exercise our option to purchase the assets or such later date as may be necessary to comply with applicable bulk sales or similar laws. At the closing, you and we both agree to execute and deliver all documents necessary to vest title in the purchased assets and/or real property in us free and clear of all liens and encumbrances, except those assumed by us and/or to effectuate the lease of the Franchise Premises. You also agree to provide us with all information necessary to close the transaction. We reserve the right to assign our option to purchase the Franchise or designate a substitute purchaser for the Franchise. By signing this Agreement, you irrevocably appoint us as your lawful attorney-in-fact with respect to the matters contemplated by this Paragraph 16.6, with full power and authority to execute and deliver in your name all documents required to be provided by you under this Paragraph in the event you do not provide them in a timely and proper manner. You also agree to ratify and confirm all of our acts as your lawful attorney-in-fact, and indemnify and hold us harmless from all claims, liabilities, losses or damages suffered by us in so doing.

Once we give notice that we will purchase the Franchise assets, we will have the right to immediately take over the operations of the Franchise. From the date we take over the Franchise to the date of closing of the purchase of the Franchise assets, we will be entitled to use any gross revenues of the Franchise to operate the Franchise, and to retain as a management fee up to ten percent (10%) of the balance of such gross revenues after operating expenses are paid, plus any additional costs and expenses we may incur.

16.7 Continuing Obligations.

All obligations of this Agreement (whether yours or ours) that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

16.8 Management of the Franchise.

In the event that we are entitled to terminate this Agreement in accordance with Section 15 above or any other provision of this Agreement, and in addition to any other rights or and remedies available to us in the event of such termination, we may, but need not, assume the Franchise's management. All gross revenues from the Franchise's operation while we assume its management will be kept in a separate account, and all of the Franchise's expenses will be charged to this account. We may charge you (in addition to the Royalty Fee and Advertising Fee contributions due under this Agreement) a reasonable management fee in an amount that we may specify, equal to up to ten percent (10%) of the Franchise's gross revenues, plus our direct out-of-pocket costs and expenses, if we assume management of the Franchise under this Paragraph. We have a duty to utilize only our reasonable efforts in managing the Franchise, and will not be liable to you for any debts, losses, or obligations the Franchise incurs, or to any of your creditors for any products or services the Franchise purchases, while we manage it pursuant to this Paragraph.

17. ENFORCEMENT.

17.1 Invalid Provisions; Substitution of Valid Provisions.

To the extent that the non-competition provisions of Sections 9.3 and 14.5 are deemed unenforceable because of their scope in terms of area, business activity prohibited, or length of time, you agree that the invalid provisions will be deemed modified or limited to the extent or manner necessary to make that particular provisions valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that such provisions under the laws applied in the forum in that we are seeking to enforce such provisions.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard, or operating procedure we prescribed invalid or unenforceable, then the advance notice and/or other action required or revision of the specification, standard, or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provisions enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

17.2 Unilateral Waiver of Obligations.

Either you or we may, by written notice, unilaterally waive or reduce any obligation or restriction of the other under this Agreement. The waiver or reduction may be revoked at any time for any reason on ten (10) days' written notice.

17.3 Written Consents from Company.

Whenever this Agreement requires our advance approval 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.

17.4 Lien.

To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (a) all inventory now owned or after-acquired by you and the Franchise, including but not limited to all inventory and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of you and/or the Franchise now existing or subsequently arising, together with all interest in you and/or the Franchise, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Franchise, now existing or subsequently arising; and (d) all general intangibles of you and/or the Franchise, now owned or existing, or after-acquired or subsequently arising. You agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in and to these assets.

17.5 No Guarantees.

If in connection with this Agreement 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, then we will not be deemed to have made any warranties or guarantees upon which you may rely, and will not assume any liability or obligation to you.

17.6 No Waiver.

If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice that is at variance with the terms of this Agreement, then we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement, or of any similar term in any other agreement between us and any other The Joint Corp. franchisee will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments that are due to us under this Agreement.

17.7 Cumulative Remedies.

The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either you or us from exercising any other right or remedy provided under this Agreement, or permitted by law or equity.

17.8 Specific Performance; Injunctive Relief.

Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to (1) enforce the provisions of this Agreement relating to your use of the Marks and non-disclosure and non-competition obligations under this Agreement; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance, or regulation; constitutes a danger to the public; or may impair the goodwill associated with the Marks or The Joint Corp. franchises; or (3) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, then you shall pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

17.9 Arbitration.

Except insofar as we elect to enforce this Agreement or to seek temporary or permanent injunctive relief as provided above, all controversies, disputes or claims arising between us, our affiliates, and our and their respective owners, officers, directors, agents, and employees (in their representative capacity) and you (and your Principal Owners and guarantors) arising out of or related to: (1) this Agreement, any provision thereof, or any related agreement (except for any lease or sublease with us or any of our affiliates); (2) the relationship of the parties hereto; (3) the validity of this Agreement or any related agreement, or any provision thereof; or (4) any specification, standard or operating procedure relating to the establishment or operation of the Franchise, shall be submitted for arbitration to be administered by the office of the American Arbitration Association. Such arbitration proceedings shall be conducted in Maricopa County, Arizona, and, except as otherwise provided in this Agreement, shall be conducted in accordance with then current commercial arbitration rules of the American Arbitration Association. The arbitrator shall have the right to award or include in his award any relief that he or she deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees, and costs. The award and decision of the arbitrator shall be conclusive and binding on all parties to this agreement, and judgment on the award may be entered in any court of competent jurisdiction, and each such party waives any right to contest the validity or enforceability of such award. The provisions of this Paragraph are intended to benefit and limit third-party non-signatories, and will continue in full force and effect subsequent to, and notwithstanding expiration or termination of, this Agreement. You and we agree that any such arbitration shall be conducted on an individual, not a class-wide basis, and shall not be consolidated with any other arbitration proceeding.

17.10 Waiver of Punitive Damages and Jury Trial; Limitations of Actions.

Except with respect to your obligations to indemnify us and claims that we may bring under Sections 7, 9, 15, or 16 of this Agreement, and except for claims arising from your non-payment or underpayment of any amounts owed to us or our affiliates, (1) any and all claims arising out of or related to this Agreement or the relationship between you and us shall be barred, by express agreement of the parties, unless an action or proceeding is commenced within two (2) years from the date the cause of action accrues; and (2) you and we hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and agree that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between you and us, each party will be limited to the recovery of any actual damages sustained by it. You and we irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either you or us.

17.11 Governing Law/Consent To Jurisdiction.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in Section 17.9 which will be governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law relating to arbitration, this Agreement and the Franchise will be governed by the internal laws of the State of Arizona (without reference to its choice of law and conflict of law rules), except that the provisions of any Arizona law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Paragraph. You agree that we may institute any action against you arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) in any state or federal court of general jurisdiction in Maricopa County, Arizona, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

17.12 Binding Effect.

This Agreement is binding on and will inure to the benefit of our successors and assigns and, subject to the Transfers provisions contained in this Agreement, will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors, and administrators.

17.13 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 that is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

17.14 Construction.

All headings of the various Sections and Paragraphs of this Agreement are for convenience only, and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. The term “affiliate” as used in this Agreement is applicable to any company directly or indirectly owned or controlled by you or your Principal Owners, or any company directly or indirectly owned or controlled by us that sells products or otherwise transacts business with you.

17.15 Joint and Several Liability.

If two (2) or more persons are the Franchise Owner under this Agreement, their obligation and liability to us shall be joint and several.

17.16 Multiple Originals.

This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other parties hereto. This Agreement, once executed by a party, may be delivered to the other parties hereto by facsimile transmission or other electronic means of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

17.17 Timing Is Important.

Time is of the essence of this Agreement. "Time is of the essence" is a legal term that emphasizes the strictness of time limits. In this case, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

17.18 Independent Provisions.

The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

18. NOTICES AND PAYMENTS.

All written notices, reports and payments permitted or required under this Agreement or by the Operations Manual will be deemed delivered: (a) at the time delivered by hand; (b) one (1) business day after transmission by telecopy, facsimile or other electronic system; (c) one (1) business day after being placed in the hands of a reputable commercial courier service for next business day delivery; or (d) three (3) business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and addressed to the party to be notified or paid at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party. Any required notice, payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

19. INDEPENDENT PROFESSIONAL JUDGMENT OF YOU AND YOUR GENERAL MANAGER.

You and we acknowledge and agree that the specifications, standards and operating procedures related to the services offered by the Franchise are not intended to limit or replace your or your General Manager's (if any) professional judgment in supervising and performing the services offered by your Franchise. The specifications, standards, and operating procedures represent only the minimum standards, and you and your General Manager (if any) are solely responsible for ensuring that the Franchise performs services in accordance with all applicable requirements and standards of care. Nothing in this Agreement shall obligate you or your General Manager (if any) to perform any act that is contrary to your or your General Manager's (if any) professional judgment; provided, however, that you must notify us immediately upon your determination that any specification, standard or operating procedure is contrary to your or your General Manager's (if any) professional judgment.

20. ENTIRE AGREEMENT.

This Agreement, together with the introduction and exhibits to it, constitutes the entire agreement between us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. This Agreement may be modified only by written agreement signed by both you and us, except that we may modify the Operations Manual at any time as provided herein. However, nothing in this Agreement or any addendum shall have the effect of disclaiming any of the representations made in the Franchise Disclosure Document or any of its exhibits.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Agreement Date.

"Company"	"Franchise Owner"
The Joint Corp.,	_____,
a Delaware corporation	a_____
By: _____	By: _____
Name: Chad Everts	Name: _____
Title: V.P. Franchise Development	Title: _____

EXHIBIT 1

TO THE JOINT CORP. FRANCHISE AGREEMENT

FRANCHISE AGREEMENT EXPIRATION DATE

PROJECTED FRANCHISING OPENING SCHEDULE

1 - 1 **Expiration Date**. Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement will expire on _____.

1-2 **Franchising Opening Schedule**. In signing the foregoing Agreement to which this **Exhibit 1** is attached, you acknowledge that:

You have purchased the Franchise to which the Agreement corresponds as a The Joint Corp. Location Franchise. You will establish this Franchise as a Start-up Location.

2. You must open the Franchise mentioned above within a certain time period specified by us, the length of which depends upon the number of Franchises you have purchased and the number of these Franchises that you have developed and opened for business before developing and opening the Franchise to which the Agreement corresponds.

3. You must open the Franchise to which this Agreement corresponds within the following time period (the "Opening Deadline"), subject to the requirements of Paragraphs 3.3 and 3.6, and any other applicable provision of the Agreement: _____

EXHIBIT 2

TO THE JOINT CORP. FRANCHISE AGREEMENT

OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement, dated as of this _____ day of _____, 20__ (the "Agreement"), by and between The Joint Corp. ("us") and _____(the "Franchise Owner"), each of the undersigned owners of the Franchise Owner and their respective spouses ("you," for purposes of this Guaranty only), hereby personally and unconditionally agree to perform and keep during the terms of the Agreement, each and every covenant, obligation, payment, agreement, and undertaking on the part of Franchise Owner contained and set forth in the Agreement. Each of you agree that all provisions of the Agreement relating to the obligations of Franchise Owners, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the Agreement, shall be binding on you.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchise Owner or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchise Owner which you may have arising out of your guaranty of the Franchise Owner's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchise Owner fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchise Owner or any other person; (4) 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 Franchise Owner 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 (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchise Owner has any obligations under the Agreement.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

This Guaranty is now executed as of the Agreement Date.

OWNER:	**OWNER'S SPOUSE:**
Name:	Name:
OWNER:	**OWNER'S SPOUSE:**
Name:	Name:
OWNER:	**OWNER'S SPOUSE:**
Name:	Name:

EXHIBIT 3

TO THE JOINT CORP. FRANCHISE AGREEMENT

ADDENDUM TO LEASE AGREEMENT

This Addendum to Lease Agreement (this "Addendum"), is entered into effective on this _____ day of _____, 20___, (the "Effective Date") by and between _____, a _____ (the "Lessor"), and _____, a _____ (the "Lessee") (each a "Party" and collectively, the "Parties").

RECITALS

WHEREAS, the Parties hereto have entered into a certain Lease Agreement, dated on the _____ day of _____, 20___ (the "Agreement"), and pertaining to the premises located at _____ (the "Premises");

WHEREAS, Lessor acknowledges that Lessee intends to operate The Joint franchise from the Premises pursuant to a Franchise Agreement (the "Franchise Agreement") with The Joint Corp. ("Franchisor") under the name The Joint or other name designated by Franchisor ("Franchised Business"); and

WHEREAS, the Parties now desire to amend the Lease Agreement in accordance with the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth and each act done and to be done pursuant hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

1 . Remodeling and Decor. The above recitals are hereby incorporated by reference. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2 . Assignment. Lessee shall have the right to assign all of its right, title and interest in and to the Lease Agreement to Franchisor or its parent, subsidiary, or affiliate, (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent, pursuant to the terms of the Collateral Assignment of Lease attached hereto as **Exhibit A**. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease Agreement, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease Agreement is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord's consent in accordance with Section 4(a).

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease Agreement, Lessor shall give Lessee and Franchisor written notice of the default or violation within ten (10) days after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option to cure, but is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

The Joint Corp.
16767 N. Perimeter Dr., Suite 240
Scottsdale, AZ 85260
Attention: Chad Everts
E-mail: ceverts@thejoint.com

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of the Lease Agreement, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement or any Interim Period thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease Agreement or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest in the Lease Agreement and at any time thereafter to re-assign the Lease Agreement to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease Agreement. Upon notice from Franchisor to Lessor requesting an automatic assignment, Lessor will, at the cost of Franchisor, take appropriate actions to secure the leased premises including but not limited changing the locks and granting Franchisor sole rights to the Premises.

(b) Upon the expiration or termination of either the Lease Agreement or the Franchise Agreement (attached), Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect The Joint marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee or has rights to those through the terms and conditions any agreement between Lessee and Franchisor, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Exhibit A**.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6 . Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business.

7. Amendments. No amendment or variation of the terms of the Lease or this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8 . Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease Agreement shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copied herein in full.

9. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, the Parties have duly executed this Addendum as of the Effective Date.

LESSOR:	**LESSEE:**
_____,	_____,
a _____	a _____
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

EXHIBIT A

COLLATERAL ASSIGNMENT OF LEASE

This COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into effective as of the ___ day of _____, 20___ (the "Effective Date"), the undersigned, _____, ("Assignor") hereby assigns, transfers and sets over unto The Joint Corp., a Delaware Corporation ("Assignee") all of Assignor's right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit 1** (the "Lease Agreement") with respect to the premises located at _____ (the "Premises"). This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the Premises demised by the Lease Agreement pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease Agreement and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease Agreement nor the Premises demised thereby.

Upon a default by Assignor under the Lease Agreement or under that certain franchise agreement for The Joint between Assignee and Assignor ("Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease Agreement.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease Agreement without the prior written consent of Assignee. Through the Initial Term of the Franchise Agreement and any Renewal Period thereof (as defined in the Franchise Agreement), Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease Agreement not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease Agreement as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Collateral Assignment of Lease as of the Effective Date.

ASSIGNOR:

_____,
a _____

By: _____
Name: _____
Its: _____

ASSIGNEE:

THE JOINT CORP.,
a Delaware corporation

By: _____
Name: Chad Everts
Its: VP Franchise Development

EXHIBIT 4

TO THE JOINT CORP. FRANCHISE AGREEMENT

OWNERSHIP INTERESTS IN FRANCHISE OWNER

4-1. Full name and address of the owners of, and a description of the type of, all currently held Interests in Franchise Owner:_____

4-2. Minimum individual and aggregate Principal Owner ownership percentage required at all times during the term of this Agreement:

4-2.1 During the term of this Agreement, the Principal Owners together must have a "controlling interest" of no less than seventy-five percent (75%) of the equity, voting control and profits in the Franchise Owner.

4-2.2 Unless otherwise permitted, the required minimum "ownership interest" of each Principal Owner during the term of this Agreement is:

Name	**Ownership Percentage**

EXHIBIT C

OPERATIONS MANUAL

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Operations Manual

FRANCHISE OPERATIONS MANUAL

SECTION		# OF PAGES
1.	INTRODUCTION TO THE MANUAL	5
2.	INTRODUCTION TO YOUR FRANCHISE SYSTEM	18
3.	PRE-OPENING PROCEDURES	9
3A.	REAL ESTATE GUIDE	13
4.	FRANCHISE GUIDELINES	56
5.	SAMPLE EMPLOYEE HANDBOOK	10
6.	CLINIC OPERATIONS	30
7.	ATLAS SOFTWARE	26
8.	FORMS	15
9.	SMO/PC	10
10.	BUSINESS POLICIES	30
11.	RD QUICK REFERENCE GUIDE	22
12.	MARKETING HANDBOOK	64

Total Pages (Approximate) - 308

EXHIBIT D

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

FOR YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

The Joint Corp. and Subsidiary

Scottsdale, Arizona

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2013, 2012, and 2011

THE JOINT CORP. AND SUBSIDIARY
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Financial Statements

- Consolidated Balance Sheets 3
- Consolidated Statements of Operations 5
- Consolidated Statements of Changes in Stockholders' Equity 6
- Consolidated Statements of Cash Flows 7
- Notes to Consolidated Financial Statements 8

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F: 303-740-9009
www.EKSH.com

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
The Joint Corp. and Subsidiary
Scottsdale, Colorado

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of The Joint Corp. and Subsidiary, which are comprised of the consolidated balance sheets as of December 31, 2013, 2012, and 2011, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Joint Corp. and Subsidiary as of December 31, 2013, 2012, and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTER

As discussed in Note 10 to the financial statements, certain errors were noted related to the application of the accounting policy related to revenue recognized for regional developer fees, franchise fees, and the associated costs for commissions earned related to clinic sales, the recognition of a liability for an uncertain tax position, and prepaid income taxes for the years ended December 31, 2012 and 2011. Accordingly, the respective amounts reported for 2012 and 2011 have been restated in the 2012 and 2011 financial statements. Our opinion is not modified with respect to that matter.

EKS&H LLLP

EKS&H LLLP

March 28, 2014
Denver, Colorado

THE JOINT CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2013, 2012, and 2011

	2013	2012 (Restated)	2011 (Restated)
ASSETS			
CURRENT ASSETS			
Cash	$ 3,516,750	$ 3,565,592	$ 1,563,699
Restricted cash	58,786	76,076	-
Accounts receivable	394,655	106,898	27,207
Prepaid income taxes	-	300,000	-
Note receivable - current portion	25,929	10,354	-
Prepaid expenses	23,729	48,969	-
Deferred franchise costs - current portion	939,750	1,179,850	552,100
Deferred tax asset - current portion	701,200	769,800	431,800
Other current assets	-	21,829	19,095
TOTAL CURRENT ASSETS	5,660,799	6,079,368	2,593,901
PROPERTY AND EQUIPMENT, net	400,267	229,580	195,350
OTHER ASSETS			
Note receivable, net of current portion	59,269	79,646	-
Note receivable - related party	21,750	21,750	-
Deferred franchise costs, net of current portion	2,283,000	2,028,050	422,000
Deferred tax asset, net of current portion	1,265,700	644,800	406,700
Deposits and other assets	77,650	16,964	4,490
TOTAL OTHER ASSETS	3,707,369	2,791,210	833,190
TOTAL ASSETS	$ 9,768,435	$ 9,100,158	$ 3,622,441

THE JOINT CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2013, 2012, and 2011

LIABILITIES AND STOCKHOLDERS' DEFICIT	2013	2012 (Restated)	2011 (Restated)
CURRENT LIABILITIES			
Accounts payable and accrued expenses	$ 226,757	$ 101,363	$ 237,720
Co-op funds liability	54,133	44,774	-
Payroll liabilities	128,370	70,324	31,121
Marketing fund deferred revenue	4,652	31,302	-
Income taxes payable	419,297	-	45
Deferred revenue - current portion	2,756,250	3,186,750	1,677,750
TOTAL CURRENT LIABILITIES	3,589,459	3,434,513	1,946,636
DEFERRED RENT	-	-	13,192
DEFERRED REVENUE, NET OF CURRENT PORTION	7,252,084	6,762,417	2,027,250
OTHER LIABILITIES	147,753	39,724	35,564
TOTAL LIABILITIES	10,989,296	10,236,654	4,022,642
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' DEFICIT			
Series A preferred stock, $0.001 par value; 50,000 shares authorized, 25,000 issued and outstanding, aggregate liquidation preference of $1,000,000	25	25	25
Common stock, $0.001 par value; 4,250,000 shares authorized, 3,000,000 shares issued and 2,700,000 outstanding as of December 31, 2013, 3,000,000 shares issued and outstanding as of December 31, 2012 and 2011	3,000	3,000	3,000
Additional paid-in capital	997,075	997,075	997,075
Treasury stock (300,000 shares, at cost)	(240,000)	-	-
Accumulated deficit	(1,980,961)	(2,136,596)	(1,400,301)
TOTAL STOCKHOLDERS' DEFICIT	(1,220,861)	(1,136,496)	(400,201)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 9,768,435	$ 9,100,158	$ 3,622,441

THE JOINT CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2013, 2012, and 2011

	2013	2012 (Restated)	2011 (Restated)
REVENUES			
Royalty fees	$ 1,531,201	$ 536,236	$ 187,164
Franchise fees	2,536,333	1,339,333	302,000
Regional developer fees	742,875	392,750	43,500
Chiropractic service revenue	-	60,122	102,864
IT related income and software fees	762,867	356,050	83,475
Advertising fund revenue	216,784	55,136	26,590
Other income	168,007	45,315	7,464
TOTAL REVENUES	5,958,067	2,784,942	753,057
COST OF REVENUES			
Franchise cost of revenues	1,781,477	908,591	190,846
IT cost of revenues	224,719	181,942	47,276
TOTAL COST OF REVENUES	2,006,196	1,090,533	238,122
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
Selling and marketing expenses	781,256	748,915	438,203
Depreciation and amortization	70,725	49,814	18,721
General and administrative expenses	2,660,101	2,242,821	1,350,296
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,512,082	3,041,550	1,807,220
INCOME (LOSS) FROM OPERATIONS	439,789	(1,347,141)	(1,292,285)
OTHER (EXPENSE) INCOME	(32,000)	36,318	-
INCOME (LOSS) BEFORE INCOME TAX (PROVISION) BENEFIT	407,789	(1,310,823)	(1,292,285)
INCOME TAX (PROVISION) BENEFIT	(252,154)	574,528	810,553
NET INCOME (LOSS)	$ 155,635	$ (736,295)	$ (481,732)

THE JOINT CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
Years Ended December 31, 2013, 2012, and 2011

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total
Balances, December 31, 2010	$ 25	$ 3,000	$ 997,075	$ -	$ (918,569)	$ 81,531
Net loss (restated)	-	-	-	-	(481,732)	(481,732)
Balances, December 31, 2011 (restated)	25	3,000	997,075	-	(1,400,301)	(400,201)
Net loss (restated)	-	-	-	-	(736,295)	(736,295)
Balances, December 31, 2012 (restated)	25	3,000	997,075	-	(2,136,596)	(1,136,496)
Purchase of treasury stock	-	-	-	(240,000)	-	(240,000)
Net income	-	-	-	-	155,635	155,635
Balances, December 31, 2013	$ 25	$ 3,000	$ 997,075	$ (240,000)	$ (1,980,961)	$ (1,220,861)

THE JOINT CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013, 2012, and 2011

	2013	2012 (Restated)	2011 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 155,635	$ (736,295)	$ (481,732)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	70,725	49,814	18,721
Deferred income taxes	(552,300)	(576,100)	(501,600)
Change in deferred tax asset valuation allowance	-	-	(336,900)
Other liabilities	108,029	4,160	35,564
Deferred rent	-	(13,192)	-
Accrued interest on notes receivable	(5,551)	-	-
(Increase) decrease in:			
Restricted cash	17,290	(76,076)	-
Accounts receivable	(287,757)	(79,691)	(18,441)
Prepaid income taxes	300,000	(300,000)	-
Prepaid expenses and other current assets	47,069	(51,703)	(19,095)
Deferred franchise costs	(14,850)	(2,233,800)	(974,100)
Deposits and other assets	(60,686)	(12,474)	2,361
Increase (decrease) in:			
Accounts payable and accrued expenses	125,394	(136,357)	(185,262)
Co-op funds liability	9,359	44,774	170,800
Payroll liabilities	58,046	39,203	158,086
Marketing fund deferred revenue	(26,650)	31,302	-
Deferred revenue	59,167	6,222,417	3,490,500
Income taxes payable	419,297	(45)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	422,217	2,175,937	1,358,902
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(241,412)	(131,311)	(140,657)
Proceeds from sale of equipment	-	47,267	-
(Issuance of) payments received on notes receivable	10,353	(90,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(231,059)	(174,044)	(140,657)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of treasury stock	(240,000)	-	-
NET CASH USED IN FINANCING ACTIVITIES	(240,000)	-	-
NET INCREASE (DECREASE) IN CASH	(48,842)	2,001,893	1,218,245
CASH AT BEGINNING OF YEAR	3,565,592	1,563,699	345,454
CASH AT END OF YEAR	$ 3,516,750	$ 3,565,592	$ 1,563,699

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for income taxes during the years ended December 31, 2013, 2012, and 2011 was $0, $300,045, and $0, respectively.

SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:

Non-cash financing and investing activities for the year ended December 31, 2012 consisted of the issuance of a $21,750 promissory note for payment of a transfer fee (Note 2). There were no non-cash financing and investing activities for the years ended December 31, 2013 and 2011.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Joint Corp. ("The Joint"), a Delaware corporation, was formed on March 10, 2010, for the purpose of franchising chiropractic clinics, selling regional developer rights and supporting the operations of franchised chiropractic clinics at locations throughout the United States of America. The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities.

The Joint Corporate Unit No. 1, LLC ("Clinic"), an Arizona limited liability company, was formed on July 14, 2010, for the purpose of operating chiropractic centers in the state of Arizona. The Clinic was sold on July 1, 2012, and all remaining account balances were consolidated with The Joint as of December 31, 2012.

The following table summarizes the number of clinics in operation:

	December 31,		
	2013	2012	2011
Clinics open at beginning of year	82	33	19
Clinics opened during the year	93	50	17
Clinics closed during the year	-	(1)	(3)
Clinics in operation as of the end of the year	175	82	33
Clinics sold but not yet operational	223	216	63

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Joint Corp. and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC (collectively, the "Company").

All significant intercompany accounts and transactions between The Joint Corp. and its subsidiary have been eliminated in consolidation.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash. The Company continually monitors its positions with, and credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits.

Restricted Cash

Restricted cash held by the Company relates to cash franchisees are required to contribute to the National Marketing Fund and cash franchisees provide to the Co-Op Marketing Funds. Cash contributed to the National Marketing Fund is to be used solely for regional and national marketing and advertising of services offered by the clinics owned by the franchisees. Cash provided to the Co-Op Marketing Funds is to be used solely for local and regional marketing and advertising of services offered by the clinics owned by franchisees within each Co-Op territory.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees related to the collection of initial franchise fees, royalties, and other operating revenues. The Company periodically performs credit analysis and monitors the financial condition of the franchisees to reduce credit risk.

Accounts Receivable

Accounts receivable represent amounts due from franchisees for royalty fees and marketing and advertising expenses. The Company considers a reserve for doubtful accounts based on the creditworthiness of the franchisee. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on specific identification and historical performance that are tracked by the Company on an ongoing basis. The losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. The Company determined that an allowance for doubtful accounts was not necessary as of December 31, 2013, 2012, and 2011.

Deferred Franchise Costs

Deferred franchise costs represent commissions that are earned in conjunction with the sale of a franchise, and are expensed when the respective revenue is recognized, which is generally upon the opening of a clinic.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets.

Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in other income.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. No impairments of long-lived assets were recorded for the years ended December 31, 2013, 2012, and 2011.

Advertising Fund

The Company has established an advertising fund for national marketing and advertising of services offered by the clinics owned by the franchisees. As stipulated in the typical franchise agreement, the franchisees pay, in addition to the royalty fee, a marketing fee of 1% of gross sales, which may increase to 2% at the discretion of the Company. The Company is to segregate the marketing funds collected and use the funds for specific purposes. As amounts are expended from the fund, the Company recognizes advertising fund revenue and a related expense. Amounts collected in excess of marketing expenditures are included in restricted cash on the consolidated balance sheets of the Company. As of December 31, 2013 and 2012, the marketing expenditures relating to the advertising fund were less than the marketing fund collections from the franchisees. This is shown as a liability on the consolidated balance sheets of the Company.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Co-Op Marketing Funds

Franchises have established regional Co-Ops for advertising within their local and regional markets. The Joint maintains an agency relationship under which the marketing funds collected are segregated and used for the specified purposes. The marketing funds are included in restricted cash on the consolidated balance sheets of the Company. During the years ended December 31, 2013 and 2012, the Co-Op Marketing Fund collections from certain franchisees exceeded the marketing costs. This excess is shown as a liability on the consolidated balance sheets of the Company. As of December 31, 2013 and 2012, certain regional Co-Ops' marketing costs had exceeded the marketing funds collected. Accordingly, a receivable from the regional Co-Ops is shown on the consolidated balance sheets in other current assets to reflect the amount of overspent marketing funds.

Revenue Recognition

The Company generates revenue through initial franchise fees, regional developer fees, transfer fees, royalties, IT related income, and computer software fees, and through 2012, from providing chiropractic services.

Initial Franchise Fees

The Company requires the entire initial franchise fee to be paid upon execution of the franchise agreement, which has an initial term of ten years. Initial franchise fees received from a franchisee are recognized as revenue when the Company has performed substantially all initial services required by the franchise agreement, which is generally upon the opening of a clinic.

Regional Developer Fees

During 2011, the Company established a regional developer program to bring on independent contractors to assist in developing a specified geographical region or unit. Regional developers pay a per clinic fee to obtain the rights to develop the clinic within a specified geographical region and generally receive 50% of all franchise fees collected and 3% of all royalties collected from their region. Any clinics developed by the regional developer over their contracted minimum in the territory, requires no additional fee. Regional developer fees are recognized as revenue when the Company has performed substantially all initial services required by the regional developer agreement, which is generally upon the opening of each clinic.

Transfer Fees

Transfer fees are paid as consideration for the same rights and services as the initial fee. Transfer fees are recognized when a former franchisee transfers ownership of their location to a new franchisee.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Royalties

The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales and a marketing and advertising fee of 1% of gross sales.

Certain franchisees with franchise agreements acquired during the formation of the Company pay a monthly flat fee. Royalties are recognized as revenue when earned.

IT Related Income and Software Fees

The Company collects a monthly computer software fee for use of the Company's proprietary chiropractic software, computer support, and Internet services support, which was rolled out to all the clinics in April 2012. IT related revenue represents a flat fee to purchase the clinics' computer equipment, operating software, preinstalled chiropractic system software, key card scanner (patient identification card), credit card scanner and credit card receipt printer. IT related income and software fees are recognized as revenue when earned.

Chiropractic Service Revenue

The Company recognized chiropractic service revenue upon the performance of chiropractic services at the wholly owned corporate chiropractic clinic, until the sale of the Clinic in 2012.

Advertising

The Company's policy is to expense all operating advertising costs as incurred. Advertising expenses for the years ended December 31, 2013, 2012, and 2011, were approximately $204,000, $224,000, and $126,000 respectively.

Income Taxes

The Company accounts for income taxes in accordance with the Accounting Standards Codification that requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Company accounts for uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The application of income tax laws is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, the Company is required to make many subjective assumptions and judgments regarding income tax exposures. Interpretations of and guidance surrounding income tax law and regulations change over time and may result in changes to the Company's subjective assumptions and judgments that can materially affect amounts recognized in the consolidated balance sheets and consolidated statements of operations.

At December 31, 2013, 2012, and 2011, the Company recorded a liability for income taxes associated with uncertain tax positions of approximately $148,000, $40,000, and $36,000, respectively, of which approximately $33,000, $10,000, and $8,000, respectively, represent penalties and interest. The liability is recorded in "other liabilities" in the accompanying consolidated balance sheets. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses and were approximately $23,000, $3,000, and $8,000 for the years ended December 31, 2013, 2012, and 2011, respectively. The Company's information returns for tax years subject to examination by tax authorities include 2010 through the current period for state and federal reporting purposes.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the 2012 and 2011 consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the 2013 consolidated financial statements.

Subsequent Events

The Company has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance.

NOTE 2 NOTES RECEIVABLE

Effective July 2012, the Company sold its company-owned clinic, including the license agreement, equipment, and customer base, in exchange for a $90,000 promissory note. The note bears interest at 6% per annum for fifty-four months and requires monthly principal and interest payments over forty-two months, beginning August 2013 and maturing January 2017. The outstanding balance on the note as of December 31, 2013 and 2012 was $85,198 and $90,000, respectively.

Note Receivable – Related Party

Effective October 2012, a stockholder and director of the Company transferred ownership in his clinic to a third party in exchange for a $21,750 promissory note. The note has not been formalized with terms, including interest rate or payment schedules and, accordingly, is presented as a long-term note receivable in the accompanying consolidated balance sheets. The outstanding balance on the note as of December 31, 2013 and 2012 was $21,750.

The Company considers a reserve for doubtful accounts on notes receivable. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on specific identification and historical performance that are tracked by the Company on an ongoing basis. The losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. The Company determined that an allowance for doubtful accounts on notes receivable was not necessary as of December 31, 2013, and 2012.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,		
	2013	2012	2011
Office and computer equipment	$ 28,817	$ 28,817	$ 38,911
Leasehold improvements	-	-	44,131
Software developed	379,415	247,085	11,300
	408,232	275,902	94,342
Accumulated depreciation and amortization	(117,047)	(46,322)	(21,792)
	291,185	229,580	72,550
Assets in progress	109,082	-	122,800
	$ 400,267	$ 229,580	$ 195,350

Depreciation and amortization expense was $70,725, $49,814, and $18,721 for the years ended December 31, 2013, 2012, and 2011, respectively.

Assets in progress as of December 31, 2013 and 2011, include costs for computer software under development, computer hardware, and furniture and equipment not placed in service. These costs are transferred to the appropriate property and equipment category and commence depreciation when the assets become ready for their intended use.

NOTE 4 INCOME TAXES

Income tax provision (benefit) reported in the consolidated statements of operations is comprised of the following:

	2013	2012	2011
Current Provision:			
Federal	$ 617,730	$ 6,063	$ 269,920
State, net of state tax credits	135,739	1,196	56,547
Net operating loss carryforwards	(34,172)	(7,259)	(326,422)
	719,297	-	45
Deferred Provision:			
Federal	(516,522)	(517,054)	(733,982)
State	(69,950)	(66,305)	(94,040)
Net operating loss carryforwards	34,172	7,259	326,422
	(552,300)	(576,100)	(501,600)
Unrecognized tax benefit	85,157	1,572	27,902
Change in deferred tax asset valuation reserve	-	-	(336,900)
Total income tax provision (benefit)	$ 252,154	$ (574,528)	$ (810,553)

NOTE 4 INCOME TAXES (Continued)

The following are the components of the Company's net deferred taxes for federal and state income taxes:

	December 31,		
	2013	2012	2011
Current deferred tax asset:			
Deferred revenue	$ 1,064,000	$ 1,222,400	$ 643,600
Deferred franchise costs	(362,800)	(452,600)	(211,800)
Net current deferred tax asset	$ 701,200	$ 769,800	$ 431,800
Non-current deferred tax asset:			
Deferred revenue	$ 1,825,700	$ 1,476,100	$ 567,700
Deferred franchise costs	(469,100)	(778,000)	(161,900)
Net operating loss carryforwards	-	34,200	52,100
Asset basis difference related to property and equipment	(90,900)	(87,500)	(51,200)
Net non-current deferred tax asset	$ 1,265,700	$ 644,800	$ 406,700

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net income (loss) to the income tax provision (benefit) in the consolidated statements of operations:

	For the Years Ended December 31,					
	2013		2012		2011	
	Amount	Percent	Amount	Percent	Amount	Percent
Expected federal tax expense	$ 138,633	34.00 %	$ (445,680)	34.00 %	$ (439,377)	34.00 %
State tax provision, net of federal benefit	18,774	4.60	(91,338)	6.97	(90,046)	6.97
State tax credits	-	-	(8,718)	0.67	(4,512)	0.35
Non-deductible expenses	19,831	4.86	9,132	(0.70)	4,590	(0.36)
Change in valuation reserve	-	-	-	-	(336,900)	26.07
Unrecognized tax benefit	85,157	20.88	1,572	(0.12)	27,902	(2.16)
Other, net	(10,241)	(2.51)	(39,496)	3.01	27,790	(2.15)
	$ 252,154	61.83 %	$ (574,528)	43.83 %	$ (810,553)	62.72 %

NOTE 5 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases its corporate office space. Monthly payments under the lease were approximately $10,500 through June 2012 and approximately $6,700 through December 2013. The lease expired on December 31, 2013. During September 2013, the Company entered into an additional lease for new corporate office space, with monthly payments of approximately $20,000, beginning February 2014, the date the Company took occupancy of the new office space.

In 2011, the Company subleased part of its corporate office space to a stockholder under a month-to-month arrangement. The Company recognized approximately $49,000 of sublease income, which partially offsets rent expense for the year ended December 31, 2011.

Total rent expense, net of sublease income, for the years ended December 31, 2013, 2012, and 2011, was approximately $124,000, $117,000, and $136,000, respectively.

Future minimum annual lease payments are approximately as follows:

Years Ending December 31,	
2014	$ 116,000
2015	235,000
2016	250,000
2017	255,000
2018	260,000
Thereafter	154,000
	$ 1,270,000

Litigation

In the normal course of business, the Company is party to litigation from time to time. The Company maintains insurance to cover certain actions and believes that resolution of such litigation will not have a material adverse effect on the Company.

NOTE 6 RELATED PARTY TRANSACTIONS

The Company entered into consulting and legal agreements with certain common stockholders related to services performed for the development of the Company. Amounts paid to these stockholders were approximately $700,000, $556,000, and $526,000, for the years ended December 31, 2013, 2012, and 2011, respectively.

NOTE 7 STOCK PLAN

In November 2012, the Company adopted the 2012 Stock Plan ("Plan"). The purpose of the Plan is to attract and retain the best available personnel for positions of substantial responsibility, provide incentives and additional ownership opportunities for employees, directors, and consultants, and generally promote the success of the Company's business. The Plan permits the Company to grant incentive stock options, nonstatutory stock options, restricted stock, stock appreciation rights, performance units and performance shares to employees, directors, and consultants for a period of ten years. The maximum aggregate number of shares that may be granted under the Plan is 500,000. Effective with a grant date of January 1, 2014, the Company granted stock options to employees to purchase 111,750 shares of the Company and granted restricted stock awards to an executive and consultant to earn 318,750 shares of Company stock. The stock options generally vest over a period of five years from grant date. The restricted stock was granted in two tranches. The first tranche vests over a period of five years from the grant date. The second tranche begins vesting upon completion of a successful initial public offering by the Company during the employment and service term of the executive and consultant, respectively. Management has reserved a pool of shares to be issued when the options are exercised and the restricted stock is earned. The vesting period for all granted stock options and restricted stock commences in 2014 at which time the related recognition of stock-based compensation expense will commence.

NOTE 8 EQUITY

Preferred Stock

The company has designated 50,000 shares as preferred stock. The preferred stock is senior to common stock and each share has the same voting rights as the common stockholders. The liquidation preference is equal to the stated value of the stock plus any dividends declared but unpaid at the time of a Liquidation event. The preferred shares are convertible to common stock at the option of the holder at a rate of one share of preferred for one share of common stock. In addition, the preferred stock holders have a right of first refusal and tag-along rights to the common stockholders.

NOTE 9 RESTATEMENT

The Company has restated its previously issued 2012 and 2011 consolidated financial statements after identifying an error in the application of the accounting polices related to the recognition of regional developer fees, franchise fees, and commissions earned in conjunction with the sale of a clinic. The Company also identified an error in the previously reported 2012 and 2011 consolidated financial statements related to an uncertain tax position and an error in the 2012 consolidated financial statements related to the recorded amount of prepaid income taxes and the income tax provision. These errors did not result in an adjustment to the 2011 beginning accumulated deficit balance.

The effect of the correction of these errors on the Company's previously issued 2011 financial statements is summarized as follows:

	Previously Reported	Increase (Decrease)	Restated
Deferred franchise costs	$ -	$ 974,100	$ 974,100
Deferred tax asset	$ -	$ 838,500	$ 838,500
Deferred revenue	$ 1,309,900	$ 2,395,100	$ 3,705,000
Other liabilities	$ -	$ 35,564	$ 35,564
Accumulated deficit	$ (782,237)	$ (618,064)	$ (1,400,301)
Franchise fees	$ 1,265,100	$ (963,100)	$ 302,000
Regional developer fees	$ 1,464,500	$ (1,421,000)	$ 43,500
Franchise costs of revenues	$ 1,153,946	$ (963,100)	$ 190,846
General and administrative expenses	$ 1,342,634	$ 7,662	$ 1,350,296
Income tax (provision) benefit	$ (45)	$ 810,598	$ 810,553
Net income (loss)	$ 136,332	$ (618,064)	$ (481,732)

NOTE 9 RESTATEMENT (Continued)

The effect of the correction of these errors on the Company's previously issued 2012 financial statements is summarized as follows:

	Previously Reported	Increase (Decrease)	Restated
Deferred franchise costs	$ -	$ 3,207,900	$ 3,207,900
Prepaid income taxes	$ 158,735	$ 141,265	$ 300,000
Deferred tax asset	$ 505,621	$ 908,979	$ 1,414,600
Deferred revenue	$ 3,594,767	$ 6,354,400	$ 9,949,167
Deferred tax liability	$ 86,095	$ (86,095)	$ -
Other liabilities	$ -	$ 39,724	$ 39,724
Accumulated deficit	$ (86,711)	$ (2,049,885)	$ (2,136,596)
Franchise fees	$ 3,573,133	$ (2,233,800)	$ 1,339,333
Regional developer fees	$ 2,118,250	$ (1,725,500)	$ 392,750
Franchise costs of revenues	$ 3,142,391	$ (2,233,800)	$ 908,591
General and administrative expenses	$ 2,240,233	$ 2,588	$ 2,242,821
Income tax benefit	$ 278,261	$ 296,267	$ 574,528
Net income (loss)	$ 695,526	$ (1,431,821)	$ (736,295)

EXHIBIT E

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 20____, by and between The Joint Corp., a Delaware corporation, (hereinafter referred to as "the Company") and _____, whose address is _____ (hereinafter referred to as "Prospective Franchisee").

WITNESSETH THAT:

WHEREAS, Prospective Franchisee desires to obtain certain confidential and proprietary information from the Company for the sole purpose of inspecting and analyzing said information in an effort to determine whether to purchase a franchise from the Company; and

WHEREAS, the Company is willing to provide such information to Prospective Franchisee for the limited purpose and under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1 . DEFINITION. "Confidential Information" is used herein to mean all information, documentation and devices disclosed to or made available to Prospective Franchisee by the Company, whether orally or in writing, as well as any information, documentation or devises heretofore or hereafter produced by Prospective Franchisee in response to or in reliance on said information, documentation and devises made available by the Company.

2 . TERM. The parties hereto agree that the restrictions and obligations of Paragraph 3 of this Agreement shall be deemed to have been in effect from the commencement on the _____ day of _____, 20____, of the ongoing negotiations between Prospective Franchisee and the Company and continue in perpetuity until disclosed by the Company.

3 . TRADE SECRET ACKNOWLEDGEMENT. Prospective Franchisee acknowledges and agrees the Confidential Information is a valuable trade secret of the Company and that any disclosure or unauthorized use thereof will cause irreparable harm and loss to the Company.

4 . TREATMENT OF CONFIDENTIAL INFORMATION . In consideration of the disclosure to Prospective Franchisee of Confidential Information, Prospective Franchisee agrees to treat Confidential Information in confidence and to undertake the following additional obligations with respect thereto:

(a) To use Confidential Information for the sole purpose of inspecting and analyzing the information in an effort to determine whether to purchase a franchise from the Company and solely in its operation of the Company Franchise;

(b) Not to disclose Confidential Information to any third party;

(c) To limit dissemination of Confidential Information to only those of Prospective Franchisee's officers, directors and employees who have a need to know to perform the limited tasks set forth in Item 4 (a) above; and who have agreed to the terms and obligations of this Agreement by affixing their signatures hereto;

(d) Not to copy Confidential Information or any portions thereof; and

(e) To return Confidential Information and all documents, notes or physical evidence thereof, to the Company upon a determination that Prospective Franchisee no longer has a need therefore, or a request therefore, from the Company, whichever occurs first.

5 . SURVIVAL OF OBLIGATIONS . The restrictions and obligations of this Agreement shall survive any expiration, termination or cancellation of this Agreement and shall continue to bind Prospective Franchisee, his heirs, successors and assigns in perpetuity.

6. NEGATION OF LICENSES. Except as expressly set forth herein, no rights to licenses, expressed or implied, are hereby granted to Prospective Franchisee as a result of or related to this Agreement.

7. APPLICABLE LAW. This Agreement shall be construed and enforced in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

THE JOINT CORP.

BY: _____

ITS: _____

_____

(Signature of Prospective Franchise Owner)

_____

Print Name of Prospective Franchise Owner

EXHIBIT F

GUARANTY AND ASSUMPTION OF OBLIGATIONS

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement, dated as of this _____ day of _____, 20__ ("the Agreement"), by and between The Joint Corp. ("us") and ("the Franchise Owner"), each of the undersigned owners of the Franchise Owner and their respective spouses ("you," for purposes of this Guaranty only), hereby personally and unconditionally agree to perform and keep during the terms of the Agreement, each and every covenant, obligation, payment, agreement, and undertaking on the part of Franchise Owner contained and set forth in the Agreement. Each of you agree that all provisions of the Agreement relating to the obligations of Franchise Owners, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the Agreement, shall be binding on you.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchise Owner or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchise Owner which you may have arising out of your guaranty of the Franchise Owner's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchise Owner fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchise Owner or any other person; (4) 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 Franchise Owner 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 (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchise Owner has any obligations under the Agreement.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us.

This Guaranty is now executed as of the Agreement Date.

OWNER: OWNER'S SPOUSE:

OWNER: OWNER'S SPOUSE:

OWNER: OWNER'S SPOUSE:

NOTARY PUBLIC

I,___________________________, a notary in the State of _________________________, County of _________________________, do hereby certify that the foregoing Guaranty and Assumption of Obligations was acknowledged before me this _________ day of ____________________, ________, by and , who is (are) personally known to me or who has (have) produced identification demonstrating his/her identity.

Signature of Person Taking Acknowledgement

My Commission Expires: _______________________________

I,___________________________, a notary in the State of _________________________, County of _________________________, do hereby certify that the foregoing Guaranty and Assumption of Obligations was acknowledged before me this _________ day of ____________________, ________, by and , who is (are) personally known to me or who has (have) produced identification demonstrating his/her identity.

Signature of Person Taking Acknowledgement

My Commission Expires: _______________________________

I,___________________________, a notary in the State of _________________________, County of _________________________, do hereby certify that the foregoing Guaranty and Assumption of Obligations was acknowledged before me this _________ day of ____________________, ________, by and , who is (are) personally known to me or who has (have) produced identification demonstrating his/her identity.

Signature of Person Taking Acknowledgement

My Commission Expires: _______________________________

EXHIBIT G

LIST OF FRANCHISE OWNERS

Opened Outlets as of December 31, 2013

	FRANCHISEE	ADDRESS	CITY	ST	ZIP	PHONE
1	Andy Cooper	3426 E. Baseline Road, Suite #116	Mesa	AZ	85204	(480) 710-2173
2	Brian Allan	245 E. Bell Road, Suite #5	Phoenix	AZ	85022	(206) 902-6273
3	Christina Ybanez	1650 E. Camelback Road, Suite #170	Phoenix	AZ	85016	(915) 920-6663
4	Dr. Chris Judge	6107 N. Scottsdale Road, Suite C-102	Scottsdale	AZ	85250	(480) 286-1030
5	Dr. Peter Darvas	7119 E. Shea Blvd. Suite #112	Scottsdale	AZ	85254	(480) 513-9580
6	Dr. Stephen Gubernick	15035 N. Thompson Peak Parkway, Suite E103	Scottsdale	AZ	85260	(602) 821-9462
7	Greg Sarandi	12603 N. Tatum Blvd, Suite A112	Phoenix	AZ	85032	(602) 625-6382
8	Kevin Ericksteen	4290 E. Indian School Road, Suite #119	Phoenix	AZ	85018	(480) 529-8146
9	Scott Lewandowski	4910 E. Ray Road, Suite G9	Phoenix	AZ	85044	(480) 818-4135
10	Tim Roth	815 E. Baseline Road, Suite #106	Tempe	AZ	85282	(402) 510-4823
11	Tony Di Giuseppe	9925 West McDowell Road, Suite #102	Avondale	AZ	85392	(602) 405-0558
12	Adam Campos	350 N. Glendale Avenue, Unit A	Glendale	CA	91206	(818) 723-3063
13	Anthony Tran	12050 Lakewood Blvd	Downey	CA	90242	(925) 872-8899
14	Bill Bargfrede	146 N. C. El Camino Real	Encinitas	CA	92024	(442) 222-9282
15	Carol Warren	12410 Seal Beach Blvd.	Seal Beach	CA	90740	(323) 559-6422
16	Chad Meisinger	17401 Ventura Blvd, Suite A-39	Encino	CA	91316	(949) 412-8421
17	Chris O'Neal	521 Munroe Street	Sacramento	CA	95825	(805) 451-3281
18	Deon Rice	39445 10th Street W, Suite D5	Palmdale	CA	93551	(818) 481-7616
19	Dr. Laurent Colvin	2628 Telegraph Avenue	Berkeley	CA	94704	(510) 499-1208
20	Eric Hua	745 S. Main Street, Suite #120	Orange	CA	92868	(949) 842-1224
21	Jim Burbach	466 N. Orange Street Plaza, Suite #4-E	Redlands	CA	92374	(206) 478-4580
22	Johnny Linderman	12411 Limonite Avenue, Suite #610	Eastvale	CA	91752	(949) 350-2939
23	Neil Sinay	27070 La Paz Road	Aliso Viejo	CA	92656	(949) 842-0560
24	Peter Townshend	10449 Reserve Drive, Suite #140	San Diego	CA	92127	(858) 349-8705
25	Stephanie McRae	8155 Mira Mesa Blvd, Suite #5	San Diego	CA	92126	(602) 330-2744
26	Steve Donnelly	2245 Fenton Pkwy, Suite #109	San Diego	CA	92108	(858) 999-6001
27	Vincent Huang	2300 Foothill Blvd, Suite A	La Verne	CA	91750	(626) 375-7707

	FRANCHISEE	ADDRESS	CITY	ST	ZIP	PHONE
28	Brad Remington	2525 Arapahoe Avenue, Suite C2	Boulder	CO	80302	(303) 968-5408
29	Dr. Andrew Slater	3272 Centennial Blvd.	Colorado Springs	CO	80907	(719) 268-1424
30	Dr. Jeremy Casagrande	1281 E. 120th Avenue, Unit D	Thornton	CO	80233	(303) 440-8019
31	Dr. John Lloyd	24300 E. Smokey Hill Road	Aurora	CO	80016	(303) 246-8350
32	Dr. Scott K. Heiser	1117 Eagle Drive	Loveland	CO	80537	(970) 290-9511
33	Joe Forte	14680 W. Colfax, Suite F-120	Lakewood	CO	80401	(303) 709-5779
34	Phil Davis	6570 S. Yosemite Street, Suite #102	Greenwood Village	CO	80111	(630) 803-1541
35	Vicky Fidone	210 Ken Pratt Blvd. # 245	Longmont	CO	80501	(702) 497-5073
36	Larry Coco	1215 Post Road	Fairfield	CT	6245	(914) 588-5384
37	Dr. Daniel Weber	3016 Lake Washington Road	Melbourne	FL	32934	(321) 266-0928
38	Allen Meglin, MD	485 Pooler Parkway	Pooler	GA	31322	(912) 660-2466
39	Anne Gerretzen	4500 West Village Place, Suite 1011	Smyrna	GA	30080	(404) 428-3166
40	Brett Phillips	1219 N. Peachtree Parkway	Peachtree City	GA	30269	(314) 749-0000
41	Don McMahon	2515 Fence Road, Suite #130	Dacula	GA	30019	(678) 591-0042
42	Dr. Patrick Greco	650 Ponce De Leon Avenue, Suite #0650B	Atlanta	GA	30308	(404) 797-6088
43	Jeff McGinty	305 Brookhaven Avenue, Building 1100, Suite B-1165	Atlanta	GA	30319	(404) 316-1038
44	Kathy Welch	1205 Johnson Ferry Road, Suite #125	Marietta	GA	30068	(770) 841-5831
45	Lee Penland	1453 Terrell Mill Road SE, Suite #115	Marietta	GA	30067	(678) 772-4178
46	Maurice Taylor	3384 Cobb Parkway NW, Suite #450	Acworth	GA	30101	(678) 595-8057
47	Richard Burke	6770 Veteran's Parkway, Space L	Columbus	GA	31909	(954) 805-3223
48	Britney Stokes	2126 North Eagle Road, Suite #120	Meridian	ID	83646	(208) 870-2999
49	Charlie Marsh	14191 Town Center Blvd, Suite #1000	Indianapolis	IN	46060	(317) 989-7955
50	Dr. Dallas Humble	1870 Forsythe Avenue	Monroe	LA	71201	(318) 237-6396
51	Dr. Virgil Bryant	4302 Ambassador Caffery Parkway	Lafayette	LA	70508	(337) 380-9433
52	Angie Selander	1380 Duckwood Drive, Suite #102	Eagan	MN	55123	(612) 703-0224
53	Gary Meyers	1603 County Road, Suite C	Roseville	MN	55113	(612) 618-1349

	FRANCHISEE	ADDRESS	CITY	ST	ZIP	PHONE
54	Steve Long	1055 Grand Avenue	St. Paul	MN	55105	(405) 414-1717
55	Bruce Connor	13315 Manchester Road	Des Peres	MO	63131	(314) 494-8454
56	Greg Busch	11475 Olive Blvd.	Creve Coeur	MO	63141	(314) 368-4059
57	Mike Klearman	10759 Sunset Hills Plaza	St. Louis	MO	63127	(636) 675-0366
58	Mike Montgomery	6227 Mid Rivers Mall Drive	Saint Peters	MO	63304	(314) 565-2764
59	Alexander Klaus	2121 East Arbors Drive	Charlotte	NC	28262	(704) 975-8352
60	Gordon Thornton	7918 B Rea Road	Charlotte	NC	28277	(704) 575-3632
61	Kathryn Wolf	8511 Colonnade Center Drive, Unit #132	Raleigh	NC	27615	(813) 767-9214
62	Paul Trindel	3354 W. Friendly Avenue, Suite #144	Greensboro	NC	27410	(336) 601-2926
63	Dr. Kyle Norman	3302 O Street, Suite D	Lincoln	NE	68510	(402) 470-7448
64	Ron Guthrie	5901V Wyoming Blvd. NE	Albuquerque	NM	87109	(281) 773-2118
65	Jesse Curry	1725 Sheridan Drive	Tonawanda	NY	14223	(480) 363-3364
66	Justin Romano	385-3 Route 25A	Miller Place	NY	11764	(631) 416-7767
67	Chad Warner	845 Bethel Road	Columbus	OH	43214	(614) 204-4319
68	Dr. Rob Bousquet	500 E. McBee Avenue, Suite #102	Greenville	SC	29601	(864) 241-8228
69	L.S. Carper	464 D Azalea Square Blvd.	Summerville	SC	29483	(843) 364-1665
70	Michael Hughes	3501 Clemson Blvd, Suite #11	Anderson	SC	29621	(843) 714-7678
71	Mici Fluegge	1140 Woodruff Road	Greenville	SC	29607	(864) 415-4191
72	Robert Keen	4710 Forest Drive, Suite C	Columbia	SC	29206	(803) 238-4100
73	Chris Kemper	782 Old Hickory Blvd, Suite #111	Brentwood	TN	37027	(858) 692-4590
74	Dr. Pat Kolwaite	2200 N. Germantown Parkway, Suite #15	Cordova	TN	38016	(901) 921-4811
75	Ben Crawford	2621 S. Shepherd, Suite #145	Houston	TX	77098	(713) 539-4055
76	David Glover	1620 W. FM 646, Suite C	League City	TX	77539	(713) 829-5198
77	Doug Stewart	9595 Six Pines Drive, Suite #1470	The Woodlands	TX	77380	(281) 475-9355
78	Dr. Don Daniels	10710 Research Blvd, Suite #112	Austin	TX	78759	(512) 415-6405
79	Dr. Jack Nunn	1700 Palm Valley Road, Suite # 400	Round Rock	TX	78664	(469) 222-8100
80	Dr. Justin Tomblin	2430 S. I35E, Suite #128	Denton	TX	76205	(940) 435-0505
81	Dr. Larry D. Maddalena	4970 W. Highway 290, Suite #480	Austin	TX	78735	(512) 968-2282
82	Dr. Leo Thatcher Jr.	2401 E. Expressway 83, Suite #300	Mission	TX	78572	(956) 600-5195
83	Dustin Sparks	9500 South IH-35, Suite L-725	Austin	TX	78748	(512) 296-4024
84	Joseph Craft	15870 Southwest Freeway, Suite #100	Sugar Land	TX	77478	(281) 797-7982
85	Kate Ryan	9650 Westheimer Road, Unit #300	Houston	TX	77063	(630) 947-3070

	FRANCHISEE	ADDRESS	CITY	ST	ZIP	PHONE
86	Kevin Stutz	2800 E. Whitestone Blvd, Suite #220	Cedar Park	TX	78612	(512) 970-5979
87	Noah Stone	8701 Spring Cypress Road, Suite B	Spring	TX	77379	(832) 527-4119
88	Shawn Bishop	360 Meyerland Plaza Mall	Houston	TX	77096	(281) 216-6005
89	Vincent Mai	4601 West Freeway, Suite #204	Fort Worth	TX	76107	(214) 274-1078
90	James Adelman	1126 E. 2100 S.	Salt Lake City	UT	84106	(602) 399-4799
91	Trevor Williams	9192 South Village Shop Drive	Sandy	UT	84070	(435) 640-7766

Franchisees With Signed Franchise Agreements
But Outlet Not Yet Opened as of December 31, 2013

	FRANCHISEE	CITY	ST	ZIP	PHONE
1	Greg Sarandi	Phoenix	AZ	85022	(602) 625-6382
2	Andy / Ben / Rob Cooper	Phoenix	AZ	TBD	(915) 920-6663
3	Dr. Peter Darvas	Peoria	AZ	85382	(480) 513-9580
4	Dr. Peter Darvas	TBD	AZ	TBD	(480) 513-9580
5	Tim Roth	Tempe	AZ	TBD	(402) 510-4823
6	Scott Lewandowski	Phoenix	AZ	85085	(480) 818-4135
7	Scott Lewandowski	TBD	AZ	TBD	(480) 818-4135
8	Tim Roth	Tucson	AZ	85705	(402) 510-4823
9	Eric Hua	Irvine	CA	TBD	(480) 529-8146
10	Dennis Conklin	Orange County	CA	TBD	(949) 842-1224
11	Chad Meisinger	Encino	CA	91316	(949) 412-8421
12	Bill Bargfrede	San Diego	CA	TBD	(858) 414-0370
13	Bill Bargfrede	San Diego	CA	TBD	(858) 414-0370
14	Steve Donnelly	San Diego	CA	TBD	(858) 999-6001
15	Stephanie / Beth McRae	San Diego	CA	TBD	(602) 330-2744
16	Stephanie / Beth McRae	Los Angeles	CA	TBD	(602) 330-2744
17	Stephanie / Beth McRae	Los Angeles	CA	TBD	(602) 330-2744
18	Stephanie / Beth McRae	Los Angeles	CA	TBD	(602) 330-2744
19	Stephanie / Beth McRae	Los Angeles	CA	TBD	(602) 330-2744
20	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
21	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
22	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
23	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
24	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
25	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
26	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
27	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
28	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
29	Vincent Huang	Los Angeles	CA	TBD	(626) 375-7707
30	Adam Campos	Los Angeles	CA	TBD	(818) 723-3063
31	Chad Meisinger	Los Angeles	CA	TBD	(949) 412-8421
32	Chad Meisinger	Los Angeles	CA	TBD	(949) 412-8421
33	Chad Meisinger	Los Angeles	CA	TBD	(949) 412-8421
34	Chad Meisinger	Los Angeles	CA	TBD	(949) 412-8421
35	Chad Meisinger	Los Angeles	CA	TBD	(949) 412-8421
36	Chad Meisinger	Los Angeles	CA	TBD	(949) 412-8421
37	Chad Meisinger	Los Angeles	CA	TBD	(949) 412-8421

38	Carol Warren / Jodi Wolf	Orange County	CA	TBD	(323) 559-6422
39	Carol Warren / Jodi Wolf	Orange County	CA	TBD	(323) 559-6422
40	Carol Warren / Jodi Wolf	Orange County	CA	TBD	(323) 559-6422
41	Carol Warren / Jodi Wolf	Orange County	CA	TBD	(323) 559-6422
42	Carol Warren / Jodi Wolf	Orange County	CA	TBD	(323) 559-6422
43	Carol Warren / Jodi Wolf	Orange County	CA	TBD	(323) 559-6422
44	Stephanie / Beth McRae	Los Angeles	CA	TBD	(602)-330-2744
45	Stephanie / Beth McRae	Los Angeles	CA	TBD	(602)-330-2744
46	Stephanie / Beth McRae	Los Angeles	CA	TBD	(602)-330-2744
47	Stephanie / Beth McRae	Los Angeles	CA	TBD	(602)-330-2744
48	Stephanie / Beth McRae	Los Angeles	CA	TBD	(602)-330-2744
49	Christina Ybanez	Inland Empire	CA	TBD	(915) 920-6663
50	Deon / Erika Rice	Palmdale	CA	93551	(818) 481-7616
51	Deon / Erika Rice	Los Angeles	CA	TBD	(818) 481-7616
52	Deon / Erika Rice	Los Angeles	CA	TBD	(818) 481-7616
53	Deon / Erika Rice	Los Angeles	CA	TBD	(818) 481-7616
54	Deon / Erika Rice	Los Angeles	CA	TBD	(818) 481-7616
55	Stephanie / Beth McRae	San Diego	CA	TBD	(602)-330-2744
56	Stephanie / Beth McRae	San Diego	CA	TBD	(602)-330-2744
57	Stephanie / Beth McRae	San Diego	CA	TBD	(602)-330-2744
58	Stephanie / Beth McRae	San Diego	CA	TBD	(602)-330-2744
59	Chad Meisinger	TBD	CA	TBD	(949) 412-8421
60	Chad Meisinger	TBD	CA	TBD	(949) 412-8421
61	Neil / Jen Sinay	Orange County	CA	TBD	(949) 842-0560
62	Johnny Linderman / Ted Abghari	Rancho Cucamonga	CA	91739	(949) 350-2939
63	Johnny Linderman / Ted Abghari	Upland	CA	TBD	(949) 350-2939

64	Johnny Linderman / Ted Abghari	Inland Empire	CA	TBD	(949) 350-2939
65	Johnny Linderman / Ted Abghari	Orange County	CA	TBD	(949) 350-2939
66	Johnny Linderman / Ted Abghari	Orange County	CA	TBD	(949) 350-2939
67	Johnny Linderman / Ted Abghari	Orange County	CA	TBD	(949) 350-2939
68	Peter Townshend / Priscilla Zubia	San Diego	CA	TBD	(858) 349-8705
69	Peter Townshend / Priscilla Zubia	San Diego	CA	TBD	(858) 349-8705
70	Peter Townshend / Priscilla Zubia	San Diego	CA	TBD	(858) 349-8705
71	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Inland Empire	CA	TBD	(925) 872-8899
72	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Inland Empire	CA	TBD	(925) 872-8899
73	Chris / Rory O'Neal	Sacramento	CA	95825	(805) 451-3281
74	Chris / Rory O'Neal	Elk Grove	CA	95757	(805) 451-3281
75	Chris / Rory O'Neal	San Jose	CA	95124	(805) 451-3281
76	Chris / Rory O'Neal	Gold River	CA	TBD	(805) 451-3281
77	Chris / Rory O'Neal	Roseville	CA	95661	(805) 451-3281
78	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
79	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
80	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
81	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
82	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281

83	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
84	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
85	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
86	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
87	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
88	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
89	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
90	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
91	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
92	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
93	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
94	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
95	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
96	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
97	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
98	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
99	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
100	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
101	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
102	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
103	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
104	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
105	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
106	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
107	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281
108	Chris / Rory O'Neal	TBD	CA	TBD	(805) 451-3281

109	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Los Angeles	CA	TBD	(925) 872-8899
110	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Los Angeles	CA	TBD	(925) 872-8899
111	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Los Angeles	CA	TBD	(925) 872-8899
112	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Orange County	CA	TBD	(925) 872-8899
113	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Orange County	CA	TBD	(925) 872-8899
114	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Orange County	CA	TBD	(925) 872-8899
115	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Orange County	CA	TBD	(925) 872-8899
116	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Orange County	CA	TBD	(925) 872-8899
117	Anthony Tran / Tina Tuyet Oanh Quach / Thu Nguyet Nguyen	Los Angeles	CA	TBD	(925) 872-8899
118	Johnny Linderman / Ted Abghari	Eastville	CA	91752	(949) 350-2939
119	Johnny Linderman / Ted Abghari	Corona	CA	TBD	(949) 350-2939
120	Bill Bargfrede	San Diego	CA	TBD	(858) 414-0370
121	Bill Bargfrede	San Diego	CA	TBD	(858) 414-0370

122	Bill Bargfrede	San Diego	CA	TBD	(858) 414-0370
123	Peter Townshend / Priscilla Zubia	San Diego	CA	TBD	(858) 349-8705
124	Peter Townshend / Priscilla Zubia	San Diego	CA	TBD	(858) 349-8705
125	James Burbach	La Jolla	CA	TBD	(206) 478-4580
126	Stephanie / Beth McRae	San Diego	CA	TBD	(602) 330-2744
127	Stephanie / Beth McRae	San Diego	CA	TBD	(602) 330-2744
128	Stephanie / Beth McRae	San Diego	CA	TBD	(602) 330-2744
129	Jim Burbach / Ken Craig	TBD	CA	TBD	(206) 478-4580
130	Jim Burbach / Ken Craig	TBD	CA	TBD	(206) 478-4580
131	Jim Burbach / Ken Craig	TBD	CA	TBD	(206) 478-4580
132	Brad Remington	Aurora	CO	80012	(303) 968-5408
133	Dr. John Lloyd	Aurora	CO	80016	(303) 246-8350
134	Dr. John Lloyd	Lone Tree	CO	80124	(303) 246-8350
135	Phil Davis / Dean Davenport	Greenwood Village	CO	80111	(630) 803-1541
136	Phil Davis / Dean Davenport	Highlands Ranch	CO	80126	(630) 803-1541
137	Phil Davis / Dean Davenport	Littleton	CO	80123	(630) 803-1541
138	Phil Davis / Dean Davenport	Denver	CO	TBD	(630) 803-1541
139	Phil Davis / Dean Davenport	Denver	CO	TBD	(630) 803-1541
140	Phil Davis / Dean Davenport	Denver	CO	TBD	(630) 803-1541
141	Phil Davis / Dean Davenport	Denver	CO	TBD	(630) 803-1541
142	Phil Davis / Dean Davenport	Denver	CO	TBD	(630) 803-1541
143	Joe Forte	Denver	CO	TBD	(303) 709-5779
144	Larry Coco	TBD	CT	TBD	(914) 588-5384
145	Larry Coco	TBD	CT	TBD	(914) 588-5384

146	Dr. Dallas Humble	Tampa Bay	FL	TBD	(318) 237-6396
147	Dr. Matthew Graves	TBD	GA	TBD	(678) 524-7727
148	Dr. Patrick Greco	TBD	GA	TBD	(404) 797-6088
149	Michael Hughes / Allen Meglin	Savannah	GA	TBD	(843) 714-7678
150	Michael Hughes / Allen Meglin	Savannah	GA	TBD	(843) 714-7678
151	Michael Hughes / Allen Meglin	Augusta	GA	TBD	(843) 714-7678
152	Michael Hughes / Allen Meglin	Augusta	GA	TBD	(843) 714-7678
153	Kathy Welch	Kennesaw	GA	TBD	(770) 841-5831
154	Jeff McGinty / Shane Weber	Atlanta	GA	30319	(619) 827-0550
155	Lawrence Rich	Johns Creek	GA	TBD	(404) 759-7204
156	Kathy Welch	Kennesaw	GA	TBD	(770) 841-5831
157	Britney / Seth Stokes / Travis Eaton / Dave Armstong	Meridian	ID	83646	(208) 870-2999
158	Charlie Marsh	Indianapolis	IN	TBD	(317) 989-7955
159	Charlie Marsh	Indianapolis	IN	TBD	(317) 989-7955
160	Bree / Drew / Lacy Emsweller	Indianapolis	IN	TBD	(317) 441-4862
161	Bree / Drew / Lacy Emsweller	Indianapolis	IN	TBD	(317) 441-4862
162	Bree / Drew / Lacy Emsweller	Indianapolis	IN	TBD	(317) 441-4862
163	Bree / Drew / Lacy Emsweller	Indianapolis	IN	TBD	(317) 441-4862
164	Bree / Drew / Lacy Emsweller	Indianapolis	IN	TBD	(317) 441-4862
165	Dr. Dallas Humble	Lafayette	LA	TBD	(318) 237-6396
166	Dr. Dallas Humble	Monroe	LA	TBD	(318) 237-6396
167	Gary Meyers	TBD	MN	TBD	(612) 618-1349
168	Gary Meyers	TBD	MN	TBD	(612) 618-1349
169	Gary Meyers	TBD	MN	TBD	(612) 618-1349
170	Angie / Craig Selander / Robb Quinlan	Eagan	MN	55123	(612) 703-0224
171	Angie / Craig Selander / Robb Quinlan	TBD	MN	TBD	(612) 703-0224

172	Angie / Craig Selander / Robb Quinlan	TBD	MN	TBD	(612) 703-0224
173	Angie / Craig Selander / Robb Quinlan	TBD	MN	TBD	(612) 703-0224
174	Angie / Craig Selander / Robb Quinlan	TBD	MN	TBD	(612) 703-0224
175	Angie / Craig Selander / Robb Quinlan	TBD	MN	TBD	(612) 703-0224
176	Mike Klearman / Brian Deutsch / Scott Rich	Clayton	MO	TBD	(636) 675-0366
177	Mike Klearman / Brian Deutsch / Scott Rich	Maplewood	MO	TBD	(636) 675-0366
178	Mike Montgomery / Jim Hawthorn / Ed Woelbel	Chesterfield	MO	63017	(314) 565-2764
179	Mike Montgomery / Jim Hawthorn / Ed Woelbel	St. Louis	MO	TBD	(314) 565-2764
180	Greg Busch	Creve Couer	MO	TBD	(314) 368-4059
181	Paul / Julie Trindel	High Point	NC	TBD	(336) 601-2926
182	Gordon / Mia Thornton	TBD	NC	TBD	(704) 575-3632
183	Gordon / Mia Thornton	TBD	NC	TBD	(704) 575-3632
184	Gordon / Mia Thornton	TBD	NC	TBD	(704) 575-3632
185	Gordon / Mia Thornton	TBD	NC	TBD	(704) 575-3632
186	Gordon / Mia Thornton	TBD	NC	TBD	(704) 575-3632
187	Tom Walsh	TBD	NJ	TBD	(732) 687-4884
188	Phil Davis	Las Vegas	NV	89149	(630) 803-1541
189	Phil Davis	Las Vegas	NV	TBD	(630) 803-1541
190	Phil Davis	Las Vegas	NV	TBD	(630) 803-1541
191	Chris / Rory O'Neal	Henderson	NV	89014	(805) 451-3281
192	Chris / Rory O'Neal	Las Vegas	NV	TBD	(805) 451-3281
193	Chris / Rory O'Neal	Las Vegas	NV	TBD	(805) 451-3281
194	Chris / Rory O'Neal	Las Vegas	NV	TBD	(805) 451-3281

195	Chris / Rory O'Neal	Reno	NV	TBD	(805) 451-3281
196	Chris / Rory O'Neal	Reno	NV	TBD	(805) 451-3281
197	Jesse Curry / Marc Ressler / Angelo Marracino / Cleon Easton III	TBD	NY	TBD	(480) 363-3364
198	Jesse Curry / Marc Ressler / Angelo Marracino / Cleon Easton III	TBD	NY	TBD	(480) 363-3364
199	Jesse Curry / Marc Ressler / Angelo Marracino / Cleon Easton III	TBD	NY	TBD	(480) 363-3364
200	Chad Warner	Columbus	OH	TBD	(614) 204-4319
201	Chad Warner	Columbus	OH	TBD	(614) 204-4319
202	Chad Warner	Columbus	OH	TBD	(614) 204-4319
203	Chad Warner	Columbus	OH	TBD	(614) 204-4319
204	Derik Ford	Portland	OR	TBD	(503) 709-6546
205	Derik Ford	Portland	OR	TBD	(503) 709-6546
206	Derik Ford	Portland	OR	TBD	(503) 709-6546
207	Dr. Rob Bousquet	TBD	SC	TBD	(864) 241-8228
208	Mici Fluegge	TBD	SC	TBD	(864) 415-4191
209	Mici Fluegge / David / Anne Glover	TBD	SC	TBD	(864) 415-4191
210	L.S. / Elizabeth Carper	Charleston	SC	TBD	(843) 364-1665
211	Robert Keen	Columbia	SC	TBD	(803) 238-4100
212	Allen / Robyn Meglin	Hilton Head	SC	TBD	(912) 660-2466
213	Allen / Robyn Meglin	Blufton	SC	TBD	(912) 660-2466
214	Chris / Michael Kemper	Nashville	TN	TBD	(858) 692-4590
215	Chris / Michael Kemper	Nashville	TN	TBD	(858) 692-4590
216	Chris / Michael Kemper	Nashville	TN	TBD	(858) 692-4590
217	Chris / Michael Kemper	Nashville	TN	TBD	(858) 692-4590

218	Dr. Jack Nunn / Dr. Larry D. Maddalena	Round Rock	TX	78664	(469) 222-8100
219	David Glover	Houston	TX	TBD	(713) 829-5198
220	David Glover	TBD	TX	TBD	(713) 829-5198
221	Ben Crawford	Houston	TX	TBD	(713) 553-6073
222	Phil Davis / Dean Davenport	Dallas	TX	75230	(630) 803-1541
223	Phil Davis / Dean Davenport	Dallas	TX	TBD	(630) 803-1541
224	Phil Davis / Dean Davenport	Dallas	TX	TBD	(630) 803-1541
225	Phil Davis / Dean Davenport	Dallas	TX	TBD	(630) 803-1541
226	Phil Davis / Dean Davenport	Dallas	TX	TBD	(630) 803-1541
227	Phil Davis / Dean Davenport	Dallas	TX	TBD	(630) 803-1541
228	Phil Davis / Dean Davenport	Dallas	TX	TBD	(630) 803-1541
229	Phil Davis / Dean Davenport	Dallas	TX	TBD	(630) 803-1541
230	Shawn Bishop / Mark To	Houston	TX	77096	(281) 216-6005
231	Shawn Bishop / Mark To	Houston	TX	TBD	(281) 216-6005
232	Shawn Bishop / Mark To	Houston	TX	TBD	(281) 216-6005
233	Joseph Craft	Houston	TX	TBD	(281) 797-7982
234	Joseph Craft	Houston	TX	TBD	(281) 797-7982
235	Vincent Mai / Katherine Nguyen / Mark To / Hanh Nguyen	Dallas	TX	TBD	(214) 274-1078
236	Vincent Mai / Katherine Nguyen / Mark To / Hanh Nguyen	Grand Prairie	TX	TBD	(214) 274-1078
237	Noah Stone / Vy Tran	Spring	TX	77379	(832) 527-4119
238	Noah Stone / Vy Tran	Houston	TX	TBD	(832) 527-4119

239	Noah Stone / Vy Tran	Houston	TX	TBD	(832) 527-4119
240	Doug / Susan Stewart	Woodlands	TX	TBD	(281) 475-9355
241	Doug / Susan Stewart	Woodlands	TX	TBD	(281) 475-9355
242	Doug / Susan Stewart	Woodlands	TX	TBD	(281) 475-9355
243	Kate Ryan / Joe Skubisz	Houston	TX	TBD	(630) 947-3070
244	Dr. Jack Nunn / Dr. Larry D. Maddalena	Austin	TX	TBD	(469) 222-8100
245	Kevin Stutz	Cedar Park	TX	78612	(512) 970-5979
246	Kevin Stutz	Austin	TX	TBD	(512) 970-5979
247	Kevin Stutz	Austin	TX	TBD	(512) 970-5979
248	Kevin Stutz	Austin	TX	TBD	(512) 970-5979
249	Noah Stone / Vy Tran	Houston	TX	TBD	(832) 527-4119
250	Noah Stone / Vy Tran	Houston	TX	TBD	(832) 527-4119
251	Vincent Mai / Katherine Nguyen / Mark To / Hanh Nguyen	Dallas	TX	TBD	(214) 274-1078
252	Ron Guthrie	Houston	TX	TBD	(281) 773-2118
253	Trevor Williams / Dr. Paul Davis	Salt Lake City	UT	TBD	(435) 640-7767
254	Tony Di Giuseppe	Seattle	WA	TBD	(602) 405-0558

The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of Franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement with us during our most recently completed fiscal year or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document:

Eric Vindiola
800 E. University Blvd. #100
Tucson, AZ 85719
520-622-3886

EXHIBIT H

GENERAL RELEASE AGREEMENT

THE JOINT CORP.

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT ("Release") is made and entered into this _____ day of _____, 20__, by and between The Joint Corp., a Delaware corporation ("Franchisor"), and _____, a _____ corporation/limited liability company/partnership (circle one) ("Franchisee"), and each owner of Franchisee and his or her spouse (individually, an "Owner," and collectively, the "Owners") (collectively, Franchisor, Franchisee, and Owners are referred to hereinafter as the "Parties").

WITNESSETH

WHEREAS, the Parties previously entered into that certain Franchise Agreement dated _____, 20___ (the "Agreement"), granting Franchisee the right to operate a Franchise Business of Franchisor ("Clinic") for a specific Term (as defined in the Agreement); and

WHEREAS, Franchisee desires to renew the Agreement for an additional Term (as defined in the Agreement); and

WHEREAS, Section 2.4(c) of the Agreement requires Franchisee and each of its Owners and their respective spouses to execute, in favor of Franchisor and its officers, directors, agents, and employees, and Franchisor's affiliates and their officers, directors, agents, and employees, as a condition to renew the Agreement, a general release from liability of all claims that Franchisee, its Owners, and their respective spouses may have against Franchisor, its affiliates, and their respective owners, officers, directors, employees, and agents; and

WHEREAS, the Parties desire to enter into this Release to comply with the requirements of the Agreement and preserve Franchisee's eligibility to renew the Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

1. Recitals. The foregoing Recitals are incorporated into and made part of this Release.

2 . Release. Franchisee, each Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "Releasing Entities"), hereby fully release Franchisor and its present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, and Franchisor's affiliates and their respective present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the "Released Entities") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Release is executed.

3. Miscellaneous.

A. This Release contains the entire agreement and representations between the Parties hereto with respect to the subject matter hereof. This Release supersedes and cancels any prior understanding or agreement between the parties hereto whether written or oral, express or implied. No modifications or amendments to this Release shall be effective unless in writing, signed by all Parties.

B. In the event any provision hereof, or any portion of any provision hereof shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect the remaining portion of any provision, or of any other provision hereof, and each provision of this Release shall be deemed severable from all other provisions hereof.

C. This Release shall be governed by the laws of the State of Arizona. Any litigation or court action arising under or related to this Release shall be filed in state or federal court in Maricopa County, State of Arizona.

D. In the event a court action is brought to enforce or interpret this Release, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.

E. This Release is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.

F. This Release may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of the day and year first above written.

FRANCHISOR:

THE JOINT CORP.
A Delaware corporation

By: _____
Its: _____

FRANCHISEE:

_____

By: _____
Title: _____

OWNERS:

	Owner's Residential Address:	Owner's % Ownership:
_____	_____	
Signature of Owner		
_____	_____	_____%
Printed/Typed Name of Owner		
	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		
_____		
Printed/Typed Name of Spouse		Date: _____, 200__

[The remainder of this page is intentionally left blank]

	Owner's Residential Address:	Owner's % Ownership:
_____	_____	
Signature of Owner		
_____	_____	_____%
Printed/Typed Name of Owner		
	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		
_____		
Printed/Typed Name of Spouse		Date: _____, 200__

	Owner's Residential Address:	Owner's % Ownership:
_____	_____	
Signature of Owner		
_____	_____	_____%
Printed/Typed Name of Owner		
	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		
_____		
Printed/Typed Name of Spouse		Date: _____, 200__

[The remainder of this page is intentionally left blank]

Owner’s Residential Address:

Owner's % Ownership:

____
Signature of Owner

____

____
Printed/Typed Name of Owner

____

_______%

Owner’s Title/Position with Franchisee:

____
Signature of Owner's Spouse

____

____
Printed/Typed Name of Spouse

Date: ___________________, 200__

Owner’s Residential Address:

Owner's % Ownership:

____
Signature of Owner

____

____
Printed/Typed Name of Owner

____

_______%

Owner’s Title/Position with Franchisee:

____
Signature of Owner's Spouse

____

____
Printed/Typed Name of Spouse

Date: ___________________, 200__

Owner’s Residential Address:

Owner's % Ownership:

____
Signature of Owner

____

____
Printed/Typed Name of Owner

____

_______%

Owner’s Title/Position with Franchisee:

____
Signature of Owner's Spouse

____

____
Printed/Typed Name of Spouse

Date: ___________________, 200__

EXHIBIT I

TRANSFER AGREEMENT

THE JOINT CORP.

TRANSFER AGREEMENT
(For Location Franchises)

THIS TRANSFER AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, 20___, by and between The Joint Corp., a Delaware corporation ("Franchisor"), and _____, a _____ corporation/limited liability company/partnership (circle one) ("Franchisee"), and each undersigned owner of Franchisee and his or her spouse (individually, an "Owner," and collectively, the "Owners"), and _____, a _____ corporation/limited liability company/partnership (circle one) ("Assignee") (collectively, Franchisor, Franchisee, Owners, and Assignee are referred to hereinafter as the "Parties").

WITNESSETH:

WHEREAS, Franchisor and Franchisee previously entered into that certain Franchisee Agreement dated _____, 20__ (the "FA"), granting to Franchisee that certain The Joint Corp. franchise ("Location") located at _____(the "Franchise");

WHEREAS, the FA provides as follows with respect to the Transfer (as defined below) of the FA, the Franchise, or any interest therein:

a. Section 14.4 of the FA states that any Transfer (as defined below) of the Franchisee's interest in the FA or of Franchisee's rights or privileges under the FA must be approved by Franchisor in writing before such Transfer may be made or become effective;

b. Section 14.5 of the FA sets forth certain terms and conditions that must be complied with, or that Franchisor may require be complied with, before any Transfer may be made or become effective; and

WHEREAS, Franchisee and/or each undersigned Owner wish(es) to Transfer (as set forth in Section 14 of the FA) to Assignee the following interest (the "Transferred Interest"): _____
_____
_____
_____
_____
_____
_____;

WHEREAS, Franchisor is willing to consent to the above Transfer of the Transferred Interest, and the Parties desire that the Transfer be made in accordance with the following terms and conditions;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:

1. Recitals. The above Recitals and sections of the FA referred therein are hereby incorporated into and made part of this Agreement.

2. Consent to Transfer. Franchisor hereby consents to the Transfer of the Transferred Interest as described in the Recitals.

3. Conditions for Approval of Transfer. Franchisee, and/or each undersigned Owner and his or her spouse, and Assignee each hereby represent and warrant that the conditions for approval of Transfer as set forth in Section 14.5 of the FA, to the extent such conditions are not specifically addressed or resolved under this Agreement, have been fully and completely satisfied as provided in such Section 14.5 and to Franchisor's satisfaction.

4 . Release. Franchisee and/or each undersigned Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "Releasing Entities"), hereby fully release Franchisor and its present or former affiliated entities, and their respective officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through it (the "Released Entities") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Agreement is executed.

5. Non-Competition; Non-Solicitation; Confidentiality .

A. Definitions. Wherever used in this Section 5, the term "Franchisor" shall refer to Franchisor and any affiliate, subsidiary, or any successor or assign of Franchisor. Wherever used in this Section, the phrase "directly or indirectly" includes, but is not limited to, acting, either personally or as principal, owner, shareholder, employee, independent contractor, agent, manager, partner, joint venturer, consultant, or in any other capacity or by means of any corporate or other device, or acting through the spouse, children, parents, brothers, sisters, or any other relatives, friends, trustees, agents, or associates of any of the undersigned parties. Wherever used in this Section, the term "employees" shall refer to employees of Franchisor; any affiliate, subsidiary, or any successor or assign of Franchisor; and any franchisee of Franchisor existing as of the date of this Agreement and, to the extent allowable by law, any other person that has been an employee (as defined above) in the twelve (12) months preceding the date of this Agreement. Whenever used in this Section, the term "Confidential Information" shall be defined as provided in Section 9.1 of the FA, which provisions are hereby incorporated by reference.

B . Consideration. The undersigned Parties acknowledge that consideration for this Agreement has been provided and is adequate. The consideration includes, but is not limited to, the granting of the Franchise to Franchisee and/or each undersigned Owner, and Franchisor's consent to the Transfer of the Transferred Interest as provided in this Agreement.

C . Need for this Agreement. The undersigned Parties recognize that in the highly competitive business in which Franchisor and its affiliates and franchisees are engaged, preservation of Confidential Information is crucial and personal contact is important in securing new franchisees and employees, and retaining the goodwill of present franchisees, employees, customers, and suppliers. Personal contact is a valuable asset and is an integral part of protecting the business of Franchisor. Franchisee and/or each undersigned Owner recognize that it has had substantial contact with Franchisor's employees, customers, and suppliers and Confidential Information. For that reason, Franchisee and/or each undersigned Owner may be in a position to take for his or her benefit the Confidential Information and goodwill Franchisor has with its employees and Confidential Information now or in the future. If Franchisee and/or each undersigned Owner, after the Transfer of the Transferred Interest as provided in this Agreement, takes advantage of such Confidential Information or goodwill for Franchisee's and/or each undersigned Owner's own benefit, then the competitive advantage that Franchisor has created through its efforts and investment will be irreparably harmed.

D . Non-Competition with Franchisor. Franchisee and/or each undersigned Owner of Franchisee agrees that for twenty-four (24) months following the date of this Agreement, neither Franchisee, nor any Owner, nor any member of Franchisee's or an Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located or operating: (a) within twenty-five (25) miles of the Franchisee's current location(s); or (b) within twenty-five (25) miles of any The Joint Corp. franchise in operation or development on the date of this Agreement. The term "Competitive Business" means any business which derives more than Ten Thousand and No/100 Dollars ($10,000.00) of revenue per year from the performance of chiropractic or related services, or any business which grants franchises or licenses to others to operate such a business, other than a The Joint Corp. franchise operated under a franchise agreement with us.

E . Non-Solicitation of Franchisor's Employees. Franchisee and/or each undersigned Owner agrees that for twelve (12) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any employees of Franchisor, the Franchise, or any The Joint Corp. franchise to accept employment with any person, firm, or business that competes with any business of Franchisor, the Franchise, or any The Joint Corp. franchise; or (b) induce, request, or advise any employee of Franchisor, the Franchise, or any The Joint Corp. franchise to terminate such employee's relationship with Franchisor, the Franchise, or any The Joint Corp. franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the employees of Franchisor, the Franchise, or any The Joint Corp. franchise, except as required by law.

F . Non-Solicitation of Franchisor's Customers. Franchisee and/or each undersigned Owner agrees that for twelve (12) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any customers of Franchisor, the Franchise, or any The Joint Corp. franchise to become customers of any person, firm, or business that competes with any business of Franchisor, the Franchise, or any The Joint Corp. franchise; or (b) induce, request or advise any customer of Franchisor, the Franchise, or any The Joint Corp. franchise to terminate or decrease such customer's relationship with Franchisor, the Franchise, or any The Joint Corp. franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the customers of Franchisor, the Franchise, or any The Joint Corp. franchise, except as required by law.

G. Confidential Information**.** Franchisee and/or each undersigned Owner agrees at all times following the date of this Agreement, to hold the Confidential Information in the strictest confidence and not to use such Confidential Information for Franchisee's and/or each undersigned Owner's personal benefit, or the benefit of any other person or entity other than Franchisor, or disclose it directly or indirectly to any person or entity without Franchisor's express authorization or written consent. Franchisee and each undersigned Owner fully understand the need to protect the Confidential Information and all other confidential materials and agree to use all reasonable care to prevent unauthorized persons from obtaining access to Confidential Information at any time.

6 . Subordination. Franchisee and/or each undersigned Owner and Assignee each agrees that all of Assignee's obligations to make any installment payments to or for the benefit of Franchisee and/or an undersigned Owner in connection with the Transfer of the Transferred Interest as provided under this Agreement shall be subordinate to Assignee's obligations under the FA or any New FA (as defined below) to pay to us or our affiliates any fees and payments provided for therein.

7. New FA. Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall sign at Franchisor's request the form of Franchisee Agreement currently used by Franchisor in selling and offering franchises like the Franchise (the "New FA").

8 . Guaranty of Obligations. In consideration of, and as an inducement to, the execution of this Agreement by Franchisor, each undersigned Owner hereby personally and unconditionally (a) guarantees to Franchisor and its successors and assigns that the Owner will punctually pay and perform each and every undertaking, agreement and covenant of Assignee set forth in the FA or any New FA; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the FA or any New FA, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes. Each undersigned Owner waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Section 8; (2) any right the Owner may have to require that an action be brought against Franchisor or any other person as a condition of the Owner's liability; (3) all right to payment or reimbursement from, or subrogation against, Franchisor which Owner may have arising out of this guaranty of Assignee; and (4) any and all other notices and legal or equitable defenses to which Owner may be entitled in its capacity as guarantor. Each undersigned Owner consents and agrees that (1) its direct and immediate liability under this Section shall be joint and several; (2) it will make any payment or render any performance required under the FA or any New FA on demand if Assignee fails or refuses to do so when required; (3) its liability will not be contingent or conditioned on our pursuit of any remedies against Assignee or any other person; (4) its liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Assignee 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 (5) the guaranty under this Section will continue and be irrevocable during the term of the FA or any New FA and afterward for so long as Assignee has any obligations under the FA or any New FA. If Franchisor is required to enforce the guaranty provided for under this Section in a judicial or arbitration proceeding, and prevail in such proceeding, then each undersigned Owner agrees that Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by any undersigned Owner to comply with the guaranty provisions of this Section, then the Owner shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

9 . Breach. The Parties hereby agree that each of the matters stated herein are important, material, and confidential, and substantially affect the effective and successful conduct of the business of Franchisor and its reputation, and goodwill. Any breach of the terms of this Agreement is a material breach of this Agreement, which will result in substantial and irreparable injury to Franchisor, for which the breaching Party may be preliminarily and permanently enjoined and for which the breaching Party shall also pay to Franchisor all damages (including, but not limited to, compensatory, incidental, consequential and lost profits damages) which arise from the breach, together with interest, costs and Franchisor's reasonable attorneys' fees (through final unappealable judgment) to enforce this Agreement. This Agreement does not limit any other remedies available at law or in equity available to Franchisor.

1 0 . No Waiver. Franchisor may waive a provision of this Agreement only in writing executed by an authorized representative. No Party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a Party of a breach by another Party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching Party.

11. Assignment. This Agreement is fully transferable by Franchisor. Franchisee and/or each undersigned Owner and Assignee shall not assign, convey, sell, delegate, otherwise transfer this Agreement or any right or duty hereunder without obtaining Franchisor's prior written consent.

12. Binding Agreement. This Agreement shall be binding upon the Parties' heirs and legal representatives. This Agreement shall be enforceable by the successors and assigns of Franchisor, any person or entity which purchases substantially all of the assets of Franchisor, and any subsidiary, affiliate or operation division of Franchisor.

13. Tolling. To ensure that Franchisor will receive the full benefit of this Agreement, the provisions of this Agreement will not run, for purposes of the prohibitions on any competition and solicitation, statute of limitations, or for laches, at any time that a party to this Agreement is actually acting in any way in contravention to this Agreement.

14. Headings. The paragraph headings of this Agreement are not a substantive part of this Agreement and shall not limit or restrict this Agreement in any way.

15. Choice of Law and Venue. This Agreement shall be construed in accordance with and governed for all purposes by the laws of Arizona. If any action or proceeding shall be instituted by any Party, or any representative thereof, all Parties and their representatives hereby consent and will submit to the jurisdiction of, and agree that venue is proper in Maricopa County, State of Arizona.

16. Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The intention of the Parties is that Franchisor shall be given the broadest protection allowed by law with respect to this Agreement.

17. Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon any Party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement is the entire Agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement.

18. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original

19. Opportunity to Seek Independent Advice. The undersigned Parties recognize that this Agreement is an important document that affects their legal rights. For this reason, the Parties may wish to seek independent legal advice before accepting the terms stated herein. The undersigned Parties acknowledge that they have had an opportunity to seek such independent legal advice. They acknowledge that they have read and understand the provisions contained herein and acknowledge receipt of a copy of this Agreement.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Agreement as of the day and year first above written.

FRANCHISOR:

THE JOINT CORP.
a Delaware corporation

By: _____
Its: _____

FRANCHISEE:

_____

By: _____
Its: _____

OWNER AND OWNER'S SPOUSE:

By: _____ By: _____

By: _____ By: _____

By: _____ By: _____

By: _____ By: _____

By: _____ By: _____

ASSIGNEE:

_____

By: _____
Its: _____

EXHIBIT J

FORM OF UCC-1 FINANCING STATEMENT

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) – do not abbreviate or combine names

1a. ORGANIZATION'S NAME

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	TOWN	STATE	POSTAL CODE	COUNTRY

1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
				☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) – do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	TOWN	STATE	POSTAL CODE	COUNTRY

2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	TOWN	STATE	POSTAL CODE	COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

All of Debtor's inventory, equipment, furnishings, fixtures, and supplies now owned or after-acquired; all of Debtor's accounts now existing or subsequently arising, together with all interest of Debtor, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; all of Debtor's contract rights, now existing or subsequently arising; and all of Debtor's general intangibles, now owned or existing, or after-acquired or subsequently arising.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

FILING OFFICER COPY – NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)

Instructions for National UCC Financing Statement (Form UCC1)

Please type or laser-print this form. Be sure it is completely legible. Read all Instructions, especially Instruction 1; correct Debtor name is crucial. Follow Instructions completely.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. Filing office cannot give legal advice.

Do not insert anything in the open space in the upper portion of this form; it is reserved for filing office use.

When properly completed, send Filing Office Copy, with required fee, to filing office. If you want an acknowledgment, complete item B and, if filing in a filing office that returns an acknowledgment copy furnished by filer, you may also send Acknowledgment Copy; otherwise detach. If you want to make a search request, complete item 7 (after reading instruction 7 below) and send Search Report Copy, otherwise detach. Always detach Debtor and Secured Party Copies.

If you need to use attachments, use 8-1/2 X 11 inch sheets and put at the top of each sheet the name of the first Debtor, formatted exactly as it appears in item 1 of this form; you are encouraged to use Addendum (Form UCC1Ad).

A. To assist filing offices that might wish to communicate with filer, filer may provide information in item A. This item is optional.

B. Complete item B if you want an acknowledgment sent to you. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form a carbon or other copy of this form for use as an acknowledgment copy.

1. Debtor name: **Enter only one Debtor name in item 1, an organization's name (1a) or an individual's name (1b). Enter Debtor's exact full legal name. Don't abbreviate.**

1a. Organization Debtor. "Organization" means an entity having a legal identity separate from its owner. A partnership is an organization; a sole proprietorship is not an organization, even if it does business under a trade name. If Debtor is a partnership, enter exact full legal name of partnership; you need not enter names of partners as additional Debtors. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed charter documents to determine Debtor's correct name, organization type, and jurisdiction of organization.

1b. Individual Debtor. "Individual" means a natural person and a sole proprietorship, whether or not operating under a trade name. Don't use prefixes (Mr., Mrs., Ms.). Use suffix box only for titles of lineage (Jr., Sr., III) and not for other suffixes or titles (e.g., M.D.). Use married woman's personal name (Mary Smith, not Mrs. John Smith). Enter individual Debtor's family name (surname) in Last Name box, first given name in First Name box, and all additional given names in Middle Name box.

For both organization and individual Debtors: Don't' use Debtor's trade name, DBA, AKA, FKA, Division name, etc. in place of or combined with Debtor's legal name; you may add such other names as additional Debtors if you wish (but this is neither required nor recommended.

1c. An address is always required for the Debtor named in 1a or 1b.

1d. Debtor's taxpayer identification number (tax ID #) – social security number or employer identification number – may be required in some states.

1e,f,g. "Additional information re organization Debtor" is always required. Type of organization and jurisdiction of organization as well as Debtor's exact legal name can be determined from Debtor's current filed charter document. Organizational ID #, if any, is assigned by the agency where the charter document was filed; this is different from taxpayer ID #; this should be entered preceded by the 2-character U.S. Postal identification of state of organization if one of the United States (e.g., CA12345, for a California corporation whose organizational ID # is 12345); if agency does not assign organizational ED #, check box in item 1g indicating "none."

***Note*: If Debtor is a trust or a trustee acting with respect to property held in trust, enter Debtor's name in item 1 and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a decedent's estate, enter name of deceased individual in item 1b and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a transmitting utility or this Financing Statement is filed in connection with a Manufactured-Home Transaction or a Public-Finance Transaction as defined in applicable Commercial Code, attach Addendum (Form UCC1Ad) and check appropriate box in item 18.**

2. If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. To include further additional Debtors, or one or more additional Secured Parties, attach either Addendum (Form UCC1Ad) or other additional page(s), using correct name format. Follow Instruction 1 for determining and formatting additional names.

3. Enter information for Secured Party or Total Assignee, determined and formatted per Instruction 1. If there is more than one Secured Party, see Instruction 2. If there has been a total assignment of the Secured Party's interest prior to filing this form, you may either (1) enter Assignor S/P's name and address in item 3 and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Total Assignee's name and address in item 3 and, if you wish, also attaching Addendum (Form UCC1Ad) giving Assignor S/Ps name and address in item 12.

4. Use item 4 to indicate the collateral covered by this Financing Statement. If space in item 4 is insufficient, put the entire collateral description or continuation of the collateral description on either Addendum (Form UCC1Ad) or other attached additional page(s).

5. If filer desires (at filer's option) to use titles of lessee and lessor, or consignee and consignor, or seller and buyer (in the case of accounts or chattel paper), or bailee and bailor instead of Debtor and Secured Party, check the appropriate box in item 5. If this is an agricultural lien (as defined in applicable Commercial Code) filing or is otherwise not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 5, complete items 1-7 as applicable and attach any other items required under other law.

6. If this Financing Statement is filed as a fixture filing or if the collateral consists of timber to be cut or as-extracted collateral, complete items 1-5, check the box in item 6, and complete the required information (items 13, 14 and/or 15 on Addendum (Form UCC1Ad)..

7. This item is optional. Check appropriate box in item 7 to request Search Report(s) on all or some of the Debtors named in this Financing Statement. The Report will list all Financing Statements on file against the designated Debtor on the date of the Report, including this Financing Statement. There is an additional fee for each Report. If you have checked a box in item 7, file Search Report Copy together with Filing Officer Copy (and Acknowledgment Copy). Note: Not all states do searches and not all states will honor a search request made via this form; some states require a separate request form.

8. This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information (e.g., Secured Party's loan number, law firm file number, Debtor's name or other identification, state in which form is being filed, etc.) that filer may find useful.

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) – do not abbreviate or combine names

11a. ORGANIZATIONS' NAME

OR

11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	TOWN	STATE	POSTAL CODE	COUNTRY

11d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any
				☐ NONE

12. ☐ADDITIONAL SECURED PARTY'S or ☐ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS	TOWN	STATE	POSTAL CODE	COUNTRY

13. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☐ fixture filing.

14. Description of real estate:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Additional collateral description:

17. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

18. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY

☐ Filed in connection with a Manufactured-Home Transaction – effective 30 years

☐ Filed in connection with a Public-Finance Transaction – effective 30 years

6. REQUIRED SIGNATURE(S)

Instructions for National UCC Financing Statement Addendum (Form UCC1Ad)

9. **Insert name of first Debtor shown on Financing Statement to which this Addendum s related, exactly as shown in item 1 of Financing Statement.**

10. **Miscellaneous: Under certain circumstances, additional information not provided on Financing Statement may be required. Also, some states have non-uniform requirements. Use this space to provide such additional information or to comply with such requirements; otherwise, leave blank.**

11. **If this Addendum adds an additional Debtor, complete item 11 in accordance with Instruction 1 on Financing Statement. To add more than one additional Debtor, either use an additional Addendum form for each additional Debtor or replicate for each additional Debtor the formatting of Financing Statement item 1 on an 8-1/2 X 11 inch sheet (showing at the top of the sheet the name of the first Debtor shown on the Financing Statement), and in either case give complete information for each additional Debtor in accordance with Instruction 1 on Financing Statement. All additional Debtor information, especially the name, must be presented in proper format exactly identical to the format of item 1 of Financing Statement.**

12. **If this Addendum adds an additional Secured Party, complete item 12 in accordance with Instruction 3 on Financing Statement. In the case of a total assignment of the Secured Party's interest before the filing of this Financing Statement, if filer has given the name and address of the Total Assignee in item 3 of the Financing Statement, filer may give the Assignor S/P's name and address in item 12.**

13-15. **If collateral is timber to be cut or as-extracted collateral, or if this Financing Statement is filed as a fixture filing, check appropriate box in item 13; provide description of real estate in item 14; and, if Debtor is not a record owner of the described real estate, also provide, in item 15, the name and address of a record owner. Also provide collateral description in item 4 of Financing Statement. Also check box 6 on Financing Statement. Description of real estate must be sufficient under the applicable law of the jurisdiction where the real estate is located.**

16. **Use this space to provide continued description of collateral, if you cannot complete description in item 4 of Financing Statement.**

17. **If Debtor is a trust or a trustee acting with respect to property held in trust or is a decedent's estate, check the appropriate box.**

18. **If Debtor is a transmitting utility or if the Financing Statement relates to a Manufactured-Home Transaction or a Public-Finance Transaction as defined in the applicable Commercial Code, check the appropriate box.**

EXHIBIT K

STATE-SPECIFIC ADDENDA

TO FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

1. If any of the provisions of the Agreement concerning termination are inconsistent with either the California Franchise Relations Act or with the Federal Bankruptcy Code (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

2. The Agreement requires that it be governed by Arizona law. This requirement may be unenforceable under California law.

3. You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

1. The Franchise Agreements contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Hawaii Franchise Investment Law.

2. Any provisions of the Franchise Agreement that relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.

3. The Franchise Agreement permits us to terminate the Agreement on the bankruptcy of you and/or your affiliates. This Article may not be enforceable under federal bankruptcy law. (11 U.S.C. § 101, *et seq*.).

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Hawaii Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. Any provisions of the Agreement requiring a general release as a condition of renewal and transfer of the franchise shall be limited to exclude claims arising under the Illinois Franchise Disclosure Act.

2. If any of the provisions of Section 15 of the Agreement concerning termination are inconsistent with Section 705/19 of the Illinois Franchise Disclosure Act of 1987, the provisions of Section 705/19 shall apply.

3. The Illinois Franchise Disclosure Act will govern the Agreement with respect to Illinois Franchisees. The provisions of the Agreement concerning governing law, jurisdiction, and venue will not constitute a waiver of any right conferred on you by the Illinois Franchise Disclosure Act. Consistent with the foregoing, any provision in the Agreement which designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois.

4. Although the Agreement requires litigation to be instituted in a state or federal court in the county and state where our principal executive offices are located, you must institute all litigation in a court of competent jurisdiction located in the State of Illinois, subject to the arbitration provision of the Agreement.

5. Nothing in the Agreement will limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois law applicable to the provision are met independently without reference to this Addendum.

7. If any of the provisions of this Section 17.10 of the Agreement concerning waivers is inconsistent with Section 705/41 of the Illinois Franchise Disclosure Act of 1987, the provisions of Section 705/41 shall apply.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Illinois Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____ By: _____

Title: _____ Title: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 § 1(5).

2. Under Article 8.3, you will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures or products which were required by us, if such procedures were utilized by you in the manner required by us.

3. Article 17.9 is amended to provide that arbitration between you and us will be conducted at a mutually agreed-on location.

4. Article 17.11 is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will prevail.

5. Nothing in the Agreement will abrogate or reduce any rights you have under Indiana law.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Indiana Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

a. Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

b. The provision in the Franchise Agreement which 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. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

d. A franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

e. Any limitation on the period of time litigation and/or arbitration claims may be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

f. The acknowledgements and representations of the franchisee made in the franchise agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act to release, estoppel or waive any liability incurred under the Maryland Franchise Registration and Disclosure Law.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

1. Article 8 is amended to add the following:

"We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks."

2. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Minnesota Franchise Law.

3. Article 15 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 a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

4. Article 17.10 is amended as follows:

Pursuant to Minn. Stat. § 80C.17, Subd. 5, the parties agree that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues.

5. Articles 17.8, and 17.9 are each amended to add the following:

Minn. Stat. Sec. 80C.2 1 and Minn. Rule 2860.4400J prohibit us from requiring litigation or arbitration 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. Under this statute and rule, franchisor cannot require you to consent to inunction relief; however, franchisor may seek injunctive relief from the Court.

6. Article 17.10 is amended to add the following:

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

7. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Minnesota Addendum to the Franchise Agreement on the same day as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

1. Article 14.3 is amended to add the following:

However, we will not make any such transfer or assignment except to a person who, in our good faith judgment, is willing and able to assume our obligations under this Agreement, and all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. Article 14.5 is amended to add the following:

However, all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

3. Article 8.3 is amended to add the following:

However, you will not be required to hold harmless or indemnify us for any claim arising out of a breach of this Agreement by us or any other civil wrong of us.

4. Article 20 is amended to add the following:

No amendment or modification of any provision of this Agreement, however, will impose any new or different requirement which unreasonably increases your obligations or places an excessive economic burden on your operations.

5. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal or transfer of the franchise. Such release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.

2. Article 17.9 will be amended to state that arbitration involving a franchise purchased in North Dakota must be held in a location mutually agreed on prior to the arbitration, or if the parties cannot agree on a location, at a location to be determined by the arbitrator.

3. Article 9.3 is amended to add that covenants not to compete on termination or expiration of an Franchise Agreement are generally not enforceable in the State of North Dakota except in limited circumstances provided by North Dakota law.

4. Article 17.9 will be amended to add that any claim or right arising under the North Dakota Franchise Investment Law may be brought in the appropriate state or federal court in North Dakota, subject to the arbitration provision of the Agreement.

5. Article 17.11 will be amended to state that, in the event of a conflict of law, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will prevail.

6. Article 17.10 requires the franchisee to waive a trial by jury, as well as exemplary and punitive damages. These requirements are not enforceable in North Dakota pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, and are therefore not part of the Franchise Agreement.

7. Article 17.10 requirement that the franchise consent to a limitation of claims period of one year is not consistent with North Dakota law. The limitation of claims period under the Franchise Agreement shall therefore be governed by North Dakota law.

8. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this North Dakota Addendum to the Franchise Agreement on the same day as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

2. This Agreement requires that it be governed by Arizona law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under Sec. 19-28.1-14.

3. Article 17.11 of the Agreement will each be amended by the addition of the following, which will be considered an integral part of this Agreement:

"§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in an Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act, §§ 19- 28-1.1 through 19-28.1-34, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rhode Island Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchise to cancel a franchise without reasonable cause. If any grounds for default or terminated stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchise to use undue influence to induce a franchisee to surrender any rights given to him under the franchise. If any provision of the franchise agreement involved the use of undue influence by the franchisor to induce the franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Virginia Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Washington Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

THE JOINT CORP.,
a Delaware corporation,

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

EXHIBIT L

MANAGEMENT AGREEMENT

(Form May Vary Based on State Requirements)

MANAGEMENT AGREEMENT

(Most States)

THIS MANAGEMENT AGREEMENT ("Agreement") is made effective as of _____ by and between_____, a [State] [corporation/limited liability company], having its principal place of business at _____ ("the Company"), and _____, a _____ [State] professional service corporation, having its principal place of business at _____ (the "P.C.") **[This defined term may be adapted to correspond to the applicable business form (*i.e.,* P.L.L.C.).].**

WHEREAS, the P.C. has been incorporated under the laws of the State of _____ to render chiropractic services to patients of the P.C.;

WHEREAS, the P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the "Clinic") at _____ (the "Premises") and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company; and

WHEREAS, the Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.

NOW, THEREFORE, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

1 . 1 Representations and Warranties of the Company. The Company represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a corporation [**limited liability company**] duly organized, validly existing and in good standing under the laws of the State of _____.

1 . 2 Representations and Warranties of the P.C. The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of _____.

(b) Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P.C. as required by Section 4.10 below, applicable law and by the rules and regulations of any applicable governmental agency (collectively "Laws").

2. Furnishings and Equipment, Use of Premises, Trade Name

2.1 Title and Maintenance. During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. The P.C. shall use, and shall cause its Providers (as defined in Section 4.2, below) to use, the Equipment and Furnishings only in connection with the Clinic. Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Company on behalf of the P.C., in accordance with Section 3.1 of this Agreement. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Company or its designee at any reasonable time.

2.2 Liens, Encumbrances, Etc. The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3 Use of Premises. The Company will provide the use of the Premises in which the P.C. shall conduct and provide its chiropractic services at the Clinic during the term of this Agreement. This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant. The P.C. shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional chiropractic services on the Premises as expressly set forth in this Agreement.

2.4 Return of Equipment and Furnishings. Upon the termination or expiration, as applicable of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2.5 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the furnishings and Equipment to any third party, without the prior written consent of the Company.

2.6 Reporting. The P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.

2.7 Use of Trade Name. The Company shall provide P.C. with a revocable license to use the name "The Joint…the chiropractic place" for the Clinic (the "Name") and the Name shall be used by the P.C. in conformity with all applicable Laws.

3. General Responsibilities of the Company. Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day-to-day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, in all respects subject to applicable Laws.

3 . 1 **Maintenance, Repair and Servicing of Furnishings and Equipment**. During the term of this Agreement, the P.C. engages the Company and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and furnishings to be maintained in good working condition, reasonable wear and tear excepted.

3.2 **Administrative and Management Services**

(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. ("the Management Services"), as described below. The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company. Subject to the terms of this Agreement and to applicable Laws, the Company is authorized to perform its services in whatever manner it deems necessary to meet the day to day requirements of the P.C., including, without limitation, performance of some business office functions at locations other than the premises of the P.C. and by person other than employees of the Company. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms' length agreements on terms reasonably available from reasonably efficient competing vendors.

(b) The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:

(i) business planning;

(ii) financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Monthly Obligations (as defined in Section 4.4(d) hereof);

(iii) bookkeeping, accounting, and data processing services;

(iv) maintenance of patient records in accordance with procedures established by the P.C. pursuant to Section 1.2(c) above;

(v) materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.'s approval of the selection of chiropractic equipment for the Clinic;

(vi) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;

(vii) human resources management, including primary direction and control of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);

(viii) billing to and collection from all payors, accounts receivable and accounts payable processing, all in accordance with the P.C.'s decisions made in consultation with the Company;

(ix) administering utilization, cost and quality management systems that are established in accordance with Section 4.3;

(x) developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;

(xi) arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;

(xii) providing administrative services in connection with the P.C.'s advertising, marketing and promotional activities of the Clinic, in accordance with applicable laws;

(xiii) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company;

(xiv) performing credentialing support services such as application processing and information verification;

(xv) developing and providing OSHA compliance programs and consulting;

(xvi) developing and providing P.C. with consulting services regarding pricing and membership plan strategies to be followed by the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and

(xvii) to the extent not included in any of the services listed in Section 3.2(b)(i) – (xv) providing:

(a) relationship development with Chiropractic schools;

(b) personnel training and orientation in non-Chiropractic areas;

(c) monitoring of industry developments and strategic planning;

(d) payroll processing;

(e) public relations;

(f) facilities management;

(g) coordination and negotiation of clinic financing efforts;

(h) clinic remodels;

(i) continuing education programs;

(j) client scheduling protocol design;

(k) client service and complaint handling;

Most States

(l) clinic management analysis;

(m) internal publications development and distribution;

(n) conference and travel coordination; and

(o) administration of committees.

(c) The Company shall not provide any of the following services to the Clinic:

(i) the assignment of Providers to treat patients;

(ii) assumption of responsibility for the care of patients;

(iii) serving as the party to whom bills and charges are made payable;

(iv) any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and regulations in _____ (**State**).

3.3 **Administrative Staff**. Subject to the requirements of applicable Laws, the Company shall, on the terms and conditions specified in this Agreement, employ or engage and make available to the Clinic, on a non-exclusive basis, sufficient non-clinical personnel and administrative staff (herein referred to collective as "Administrative Staff"). The hiring, firing, disciplining and determination of compensation and benefits of the Administrative Staff shall be within the sole discretion of the Company; provided, however, that the Company may, at the P.C.'s written request, remove from the Clinic any Administrative Staff member who does not perform to the reasonable satisfaction of P.C.

3.4 **Patient Records**. The Company shall use its reasonable efforts to preserve the confidentiality of patient records and use information contained in such records only to the extent permitted by applicable Laws.

3.5 **Performance Standards**. All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.

4. Responsibilities of the P.C.

4.1 **Professional Services**. During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement of all Providers. In addition, the P.C. shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.

4.2 **Time Commitment**. The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as "Providers") in adequate numbers to meet the chiropractic needs of the patients of the Clinic. The P.C. shall provide such services during normal business hours, as established in consultation with the Company. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work.

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4 . 3 **Quality of Service**. The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate.

4.4 **Billing and Collection**.

(a) The Company shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.'s decisions made in consultation with the Company regarding billing procedures for professional services provided by the P.C. All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "Concentration Account") with a bank mutually agreed to by the Company and the P.C. (the "Account Bank"). The Company shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Company.

(b) The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement. The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power an authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.'s Expenses (as defined in Section 4.13 below). The P.C. shall notify the banking institution of the concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account.

(c) With respect to funds deposited in the Concentration Account (the "P.C.'s revenues"), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the "Operating Account"). The Company shall hold the P.C.'s Revenues in the Operating Account as the P.C.'s agent, and shall administer such Revenues on the P.C.'s behalf. The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.'s Revenues.

(d) On at least a monthly basis, the Company shall pay, from the P.C.'s Revenue in the Operating Account, all of the current month's P.C. Expenses, as defined in Section 4.13 hereof and the current month's Management Fee as defined in Section 5 hereof (collectively, the "P.C."s Monthly Obligations"). In the event that the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Company may advance to the P.C. an amount equal to the deficit (the "Deficit Advance") by depositing such amount in the Concentration Account or the Operating Account. The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this Agreement. In the event that there is a monthly profit that exceeds the P.C.'s Monthly Obligations (the "Monthly Profits"), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereof.

4 . 5 **Licensure**. The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.

4.6 **Continuing Education**. The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.

4 . 7 **Disciplinary Actions**. The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.8 **Outside Activities**. The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activities, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.'s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld. The P.C. shall assure that each of its Providers shall not provide chiropractic services other than on behalf of the P.C., unless such activity is disclosed in writing to and is expressly authorized in writing by the Company. In the event that any of the P.C.'s Providers shall violate any provision of this Section 4.8(a), the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action to cease such activity.

(b) Except as otherwise approved in advance by the Company, and to the extent permitted by law, all amounts collected by the P.C. for chiropractic services, regardless of the source of payment, shall be assigned and belong to the Company including honoraria, royalties, revenues from patents, copyrights or other licensable intellectual property, revenues from teaching and supervising licensees-in-training and revenues from other professional activities ("Outside Income").

4.9 **Patient Records**.

(a) The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.

(b) The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company's administrative responsibilities hereunder. The P.C. agrees that, upon the termination of this Management Agreement (as permitted by applicable laws), the P.C. will transfer the original, or at PC's discretion, complete copies of all of the P.C.'s patient records to a successor P.C. or chiropractor identified by the Company who will provide chiropractic services at the Premises. Such successor P.C. or chiropractor shall be obligated to transfer a patient's record as directed upon the patient's request.

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(c) As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.

4.10 Credentialing. The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.

4.11 Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.

4.12 Standards of Care. The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.

4.13 P.C. Expenses. The following expenses of the P.C. that are related to the Clinic ("P.C. Expenses") shall be paid by the Management Company, on behalf of the P.C. and at the direction of the P.C.:

(a) Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;

(b) Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;

(c) Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;

(d) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;

(e) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;

(f) Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and

(g) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.

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The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Management Fee.

(a) In consideration of the Company (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to all revenues received by the P.C., less the expenses of the P.C. that the Company pays on behalf of the P.C.

(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services without taking into account the volume or value of any referrals of business from the Company (or its affiliates) to the P.C. or the Providers, or from the P.C. or the Providers to the Company (or its affiliates).

(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.

6. Regulatory Matters.

(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P.C.

(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.

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7. Insurance.

7.1 General Comprehensive Liability Insurance. During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provide for third (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7.2 Equipment Insurance. The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provided for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7.3 Malpractice Insurance. During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of not less than [one million dollars ($1,000,000) per occurrence and three million dollars ($3,000,000) in the aggregate], which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the Company shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

8. Indemnification by the P.C. The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the p.c. OF This Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising form or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C. or any Provider, or the Company, that may become known to the P.C.

9. Indemnification by the Company. The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.

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10. Non-Solicitation.

(a) To the extent permitted by applicable Laws, the P.C.s hall not, during the term of this Agreement and for a period of one (1) year from the date of termination or expiration of this Agreement, and shall ensure that its Providers shall not, during the term of their employment by the P.C. and for a period of one (1) year thereafter, solicit for employment, verbally or in writing, employ or offer employment to any employee or former employee of the Company or its affiliates, including, but not limited to any personnel provided by the Company to P.C. hereunder, without the prior written consent of the Company.

(b) To the extent permitted by law, during the term of any Provider's employment with the P.C. and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P.C., such Provider shall not, without the express written consent of the P.C., solicit verbally or in writing, any patient or former patient of the P.C., or otherwise interfere with such patient or former patient's relationship with the P.C. in connection with the provisions of chiropractic services. Upon termination of any Provider's employment with the P.C., the P.C. shall promptly notify the Provider's patients of how and where to contact the Provider.

(c) In the event that any of the P.C.'s Providers shall violate any provision of this Section 10, the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action.

(d) Company agrees to waive any outstanding Management Fees owed by the P.C. at termination of this agreement, pursuant to Section 4.4(d), as consideration for the non-solicitation provisions set forth in Section 10 (a) and (b) above.

11. Proprietary Rights. The P.C. recognizes and acknowledges that all records, files, reports, protocols, polities, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

12. Enforcement.

(a) The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the Company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

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(b) All works, discoveries and developments, whether or not copyrightable, relating to the Company's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or, during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. or any Provider at any time during the Company's management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C: and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or 'any Provider's part in respect thereof, and P.C. and/or any such Provider hereby assign all rights therein to the Company.

(c) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.

1 3 . **Employment Agreements**. The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third-party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. Any liquidated damages pad to the P.C. by Providers pursuant to contracts between the P.C. and such Providers shall be assigned by the P.C. and paid over to the Company.

14. **Term and Termination**.

(a) The term of this Agreement shall be for [**coterminous with franchise agreement]** years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.

(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of thirty (14) days.

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(c) The Company may terminate this Agreement immediately upon any of the following events:

(i) The date of death of **[Name of sole shareholder];**

(ii) The date **[Name of sole shareholder] is** determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services

(iii) The date **[Name of sole shareholder]** becomes disqualified under the Bylaws of the P.C. or applicable law to be a shareholder of the P.C.;

(iv) The date upon which any of the shares of stock in the P.C. held by **[Name of sole shareholder]** are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;

(v) The date upon which **[Name of sole shareholder]** ceases to provide chiropractic services in connection with the P.C.; or

(v) The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.

(d) The Company may terminate this Agreement if the P.C. fails, within seven (7) days after receiving written notice from the Company, to remove from the Clinic any Provider who the Company determines has materially disrupted or interfered with the performance of the P.C.'s obligations hereunder. This provision shall not be construed as permitting the Company to control or impair the P.C.'s or the Providers' chiropractic judgment, professional performance or patient of care.

(e) The Company may terminate this Agreement immediately upon written notice to the P.C. in the event of termination for any reason of any of the following agreements: the Shareholder and Stock Transfer Restriction Agreement, the Company's operating agreement and/or the employment agreement between the P.C. and _____ **[Doctor's Name].**

(f) The Company may terminate this Agreement at any time with or without cause, by giving the P.C. forty-five (45) days' prior written notice.

(g) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.

(h) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under paragraph 5 hereof as of the date of termination or expiration.

(i) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.'s possession or under the P.C.'s control.

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(j) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as "Action"), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eight (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this Section 15(j), then the restrictions contained in 10 and 11 of this Agreement shall be waived and shall be of no further effect.

15. Obligations After Termination. Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

(a) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;

(b) The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;

(c) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and

(d) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Company pursuant to Section 15(b), (c), or (d), the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed to by the Company in its discretion.

16. Return of Proprietary Property and Confidential Information. All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

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17. **Status of Parties**. In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

18. **Force Majeure**. Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

19. **Notices**. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.

20. **Entire Agreement**. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.

21. **No Rights in Third Parties**. Except as provided in Section 13, hereof, this Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.

22. **Governing Law**. This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of _____, County of _____. **[Insert State where franchisee and P.C. are located.]**

23. **Severability**. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

24. **Waiver**. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.

25. **Rights Unaffected**. No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.

26. **Interpretation of Syntax**. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.

Most States

27. **Successors**. This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.

28. **Further Actions**. Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

29. **Non-Assignment**. The P.C. may not assign this Agreement except with the prior written approval of the Company. The Company may assign this Agreement.

30. **Access of the Government to Records**. To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Action [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extent for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.

[P.C.]	**[JOINT FRANCHISEE/ "Company"]**
By:_____	**By:**_____
Its: President	**Its:**_____

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EXHIBIT A

TO JOINT MANAGEMENT AGREEMENT

EQUIPMENT/FURNISHINGS

[Insert "Supply List" for each Clinic]

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum (the "Addendum") to the Management Agreement (the "Agreement") dated _____, by and between the P.C. and the Company (for purposes of this addendum, the "Business Associate"), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the "HITECH Act"), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as "HIPAA").

I. Definitions. For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:

A. "Protected Health Information" shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. "Protected Health Information" does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) relates to the past. present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

B. "Required by Law" shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. "Required by Law" includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.

Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.

I I . Permitted Uses and Disclosures. Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:

A. Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement.

B. Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration ore to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this Section II(b), Business Associate shall Ii) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.

C. Business Associate may use or disclose protected Information as Required by Law.

D. Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.

I I I . Disclosure to Agent. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.

I V . Safeguards. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.

V . Reporting of Improper Disclosures. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.

V I . Reporting of Disclosures of Security Incidents. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).

VII. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum.

VIII. Access to protected health information by the P.C.

A. Within (10) days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate's possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§ 164.524.

B. Within ten (10) days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate's possession necessary for the P. C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R § 164.528.

C. Within ten (10) days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate's possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. § 164.526. At the P.C.'s direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.

IX. Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.

X. Return of Protected Health Information Upon Termination. Upon termination of the Agreement, Business Associate shall: (a) if feasible, return or destroy all Protected Health Information received from , or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible.

XI. Obligations of P.C.

A. Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.

B. P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.

C. P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

XII. Amendment. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.

XIII. Indemnification. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating to the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.

XIV. Conflicting Terms. In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.

MANAGEMENT AGREEMENT

(For Use in CA)

THIS MANAGEMENT AGREEMENT ("Agreement") is made effective as of _____ by and between_____, a [State] [corporation/limited liability company], having its principal place of business at _____ ("the Company"), and _____, a _____ [State] professional service corporation, having its principal place of business at _____ (the "P.C.") **[This defined term may be adapted to correspond to the applicable business form (*i.e.,* P.L.L.C.).].**

WHEREAS, the P.C. has been incorporated under the laws of the State of _____ to render chiropractic services to patients of the P.C.;

WHEREAS, the P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the "Clinic") at _____ (the "Premises") and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company; and

WHEREAS, the Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.

NOW, THEREFORE, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

1.1 Representations and Warranties of the Company. The Company represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a corporation [**limited liability company**] duly organized, validly existing and in good standing under the laws of the State of _____.

1.2 Representations and Warranties of the P.C. The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of _____.

(b) Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P.C. as required by Section 4.10 below, applicable law and by the rules and regulations of any applicable governmental agency (collectively "Laws").

2. Furnishings and Equipment, Use of Premises, Trade Name

2.1 Title and Maintenance. During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. All Equipment selected for use at the Clinic and identified in Exhibit A must be reviewed and approved by the P.C. The P.C. shall use, and shall cause its Providers (as defined in Section 4.2, below) to use, the Equipment and Furnishings only in connection with the Clinic. Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Company on behalf of the P.C., in accordance with Section 3.1 of this Agreement. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Company or its designee at any reasonable time.

2.2 Liens, Encumbrances, Etc. The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3 Use of Premises. The Company will provide the use of the Premises in which the P.C. shall conduct and provide its chiropractic services at the Clinic during the term of this Agreement. This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant. The P.C. shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional chiropractic services on the Premises as expressly set forth in this Agreement.

2.4 Return of Equipment and Furnishings. Upon the termination or expiration, as applicable of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2.5 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the furnishings and Equipment to any third party, without the prior written consent of the Company.

2.6 Reporting. In addition to P.C.'s right to approve the initial Equipment identified in Exhibit A, the P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.

2.7 Use of Trade Name. The Company shall provide P.C. with a revocable license to use the name "The Joint…the chiropractic place" for the Clinic (the "Name") and the Name shall be used by the P.C. in conformity with all applicable Laws.

3. General Responsibilities of the Company. Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day-to-day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, in all respects subject to applicable Laws.

For Use in CA

3 . 1 **Maintenance, Repair and Servicing of Furnishings and Equipment**. During the term of this Agreement, the P.C. engages the Company and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and furnishings to be maintained in good working condition, reasonable wear and tear excepted.

3.3 Administrative and Management Services

(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. ("the Management Services"), as described below. The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company. Subject to the terms of this Agreement and to applicable Laws, the Company is authorized to perform its services in whatever manner it deems necessary to meet the day to day requirements of the P.C., including, without limitation, performance of some business office functions at locations other than the premises of the P.C. and by person other than employees of the Company. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms' length agreements on terms reasonably available from reasonably efficient competing vendors.

(b) The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:

(i) business planning;

(ii) financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Monthly Obligations (as defined in Section 4.4(d) hereof);

(iii) bookkeeping, accounting, and data processing services;

(iv) maintenance of patient records owned and maintained by the P.C. in accordance with procedures established by the P.C. pursuant to Section 1.2(c) above;

(v) materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.'s approval of the selection of chiropractic equipment for the Clinic;

(vi) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;

(vii) human resources management, including primary direction and control of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);

(viii) billing to and collection from all payors, on behalf of and in the name of the P.C., accounts receivable and accounts payable processing, all in accordance with the P.C.'s instructions and final approval made in consultation with the Company;

(ix) administering utilization, cost and quality management systems that are established in accordance with Section 4.30

(x) developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;

(xi) arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;

(xii) providing administrative services in connection with the P.C.'s advertising, marketing and promotional activities of the Clinic, subject to the P.C.'s approval of the materials used to advertise, market and promote the Clinic;

(xiii) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company;

(xiv) performing credentialing support services such as application processing and information verification;

(xv) developing and providing OSHA compliance programs and consulting;

(xvi) developing and providing P.C. with consulting services regarding pricing and membership plan strategies to be followed by the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and

(xvii) to the extent not included in any of the services listed in Section 3.2(b)(i) – (xv) providing:

(a) relationship development with Chiropractic schools;

(b) personnel training and orientation in non-Chiropractic areas;

(c) monitoring of industry developments and strategic planning;

(d) payroll processing;

(e) public relations;

(f) facilities management;

(g) coordination and negotiation of clinic financing efforts;

(h) clinic remodels;

(i) continuing education programs;

(j) client scheduling protocol design;

(k) client service and complaint handling;

(l) clinic management analysis;

(m) internal publications development and distribution;

(n) conference and travel coordination; and

(o) administration of committees.

(c) The Company shall not provide any of the following services to the Clinic:

(i) the assignment of Providers to treat patients, including determining how many patients a chiropractor must see in a given period or how many hours a chiropractor must work;

(ii) assumption of responsibility for the care of patients including the treatment options available;

(iii) serving as the party to whom bills and charges are made payable;

(iv) determining what diagnostic tests are appropriate for a particular condition;

(v) determining the need for referrals to or consultation with another healthcare provider; and

(vi) any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and regulations in _____ (**State**).

3.3 **Administrative Staff**. Subject to the requirements of applicable Laws, the Company shall, on the terms and conditions specified in this Agreement, employ or engage and make available to the Clinic, on a non-exclusive basis, sufficient non-clinical personnel and administrative staff (herein referred to collective as "Administrative Staff"). The hiring, firing, disciplining and determination of compensation and benefits of the Administrative Staff shall be within the sole discretion of the Company; provided, however, that the Company may, at the P.C.'s written request, remove from the Clinic any Administrative Staff member who does not perform to the reasonable satisfaction of P.C.

3.4 **Patient Records**. The Company shall use its reasonable efforts to preserve the confidentiality of patient records and use information contained in such records only to the extent permitted by applicable Laws.

3.5 **Performance Standards**. All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.

4. Responsibilities of the P.C.

4.1 Professional Services. During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement, and termination of all Providers. In addition, the P.C. shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.

4.2 Time Commitment. The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as "Providers") in adequate numbers to meet the chiropractic needs of the patients of the Clinic. The P.C. shall establish the Clinic's hours of operation and provide such services during normal business hours, as established in consultation with the Company. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work.

4 . 3 Quality of Service. The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate.

4.4 Billing and Collection.

(a) The Company shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.'s instructions and final approval made in consultation with the Company regarding coding and billing procedures for professional services provided by the P.C. All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "Concentration Account") with a bank mutually agreed to by the Company and the P.C. (the "Account Bank"). The Company shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Company.

(b) The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement. The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power an authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.'s Expenses (as defined in Section 4.13 below). The P.C. shall notify the banking institution of the concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account.

(c) With respect to funds deposited in the Concentration Account (the "P.C.'s revenues"), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the "Operating Account"). The Company shall hold the P.C.'s Revenues in the Operating Account as the P.C.'s agent, and shall administer such Revenues on the P.C.'s behalf. The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.'s Revenues.

(d) On at least a monthly basis, the Company shall pay, from the P.C.'s Revenue in the Operating Account, all of the current month's P.C. Expenses, as defined in Section 4.13 hereof and the current month's Management Fee as defined in Section 5 hereof (collectively, the "P.C.'s Monthly Obligations"). In the event that the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Company may advance to the P.C. an amount equal to the deficit (the "Deficit Advance") by depositing such amount in the Concentration Account or the Operating Account. The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this Agreement. In the event that there is a monthly profit that exceeds the P.C.'s Monthly Obligations (the "Monthly Profits"), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereof.

4.5 **Licensure**. The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.

4.6 **Continuing Education**. The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.

4.7 **Disciplinary Actions**. The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.8 **Outside Activities**. The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activities, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.'s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld. The P.C. shall assure that each of its Providers shall not provide chiropractic services other than on behalf of the P.C., unless such activity is disclosed in writing to and is expressly authorized in writing by the Company.

4.9 **Patient Records**.

(a) The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.

(b) The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company's administrative responsibilities hereunder. The P.C. agrees that, upon the termination of this Management Agreement (as permitted by applicable laws), the P.C. will transfer the original, or at PC's discretion, complete copies of all of the P.C.'s patient records to a successor P.C. or chiropractor identified by the Company who will provide chiropractic services at the Premises. Such successor P.C. or chiropractor shall be obligated to transfer a patient's record as directed upon the patient's request.

(c) As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.

4.10 **Credentialing**. The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.

4.11 **Fees for Professional Services**. The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.

4.12 **Standards of Care**. The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.

4.13 **P.C. Expenses**. The following expenses of the P.C. that are related to the Clinic ("P.C. Expenses") shall be paid by the Management Company, on behalf of the P.C. and at the direction of the P.C.:

(a) Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;

(h) Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;

(i) Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;

(j) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;

(k) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;

(l) Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and

(m) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.

The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Management Fee.

(a) In consideration of the Company (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to **[_____ Dollars ($_____)].** The Management Fee will be adjusted annually by the parties. The Management Fee shall be paid in accordance with Section 4.4(d). In the event that in any month the P.C.s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P.C. shall be obligated to pay such amount until fully paid in accordance with Section 4.4(d). The parties agree that the Management Fee represents the fair market value of the items and services provided under this Agreement. Further, the parties acknowledge that the Management Fee is not based upon, or in no way take into account, the volume or value of referrals to the Clinic or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Clinic.

(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services without taking into account the volume or value of any referrals of business from the Company (or its affiliates) to the P.C. or the Providers, or from the P.C. or the Providers to the Company (or its affiliates).

(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.

6. Regulatory Matters.

(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P.C.

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(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.

7. Insurance.

7 . 1 General Comprehensive Liability Insurance. During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provide for third (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7 . 2 Equipment Insurance. The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provided for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7 . 3 Malpractice Insurance. During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of not less than [one million dollars ($1,000,000) per occurrence and three million dollars ($3,000,000) in the aggregate], which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the Company shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

8 . Indemnification by the P.C. The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the p.c. OF This Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising form or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C. or any Provider, or the Company, that may become known to the P.C.

9. **Indemnification by the Company**. The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.

10. **Non-Solicitation**.

(a) To the extent permitted by applicable Laws, the P.C. shall not, during the term of this Agreement and for a period of one (1) year from the date of termination or expiration of this Agreement, and shall ensure that its Providers shall not, during the term of their employment by the P.C. and for a period of one (1) year thereafter, solicit for employment, verbally or in writing, employ or offer employment to any employee or former employee of the Company or its affiliates, including, but not limited to any personnel provided by the Company to P.C. hereunder, without the prior written consent of the Company.

(b) To the extent permitted by law, during the term of any Provider's employment with the P.C. and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P.C., such Provider shall not, without the express written consent of the P.C., solicit verbally or in writing, any patient or former patient of the P.C., or otherwise interfere with such patient or former patient's relationship with the P.C. in connection with the provisions of chiropractic services. Upon termination of any Provider's employment with the P.C., the P.C. shall promptly notify the Provider's patients of how and where to contact the Provider.

(c) In the event that any of the P.C.'s Providers shall violate any provision of this Section 10, the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action.

(d) Company agrees to waive any outstanding Management Fees owed by the P.C. at termination of this agreement, pursuant to Section 5(a), as consideration for the non-solicitation provisions set forth in Section 10 (a) and (b) above.

11. **Proprietary Rights.** The P.C. recognizes and acknowledges that all records, files, reports, protocols, polities, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

12. **Enforcement.** The P.C. agrees that the restrictive covenants set forth in Sections 10, 11 and 12 are reasonable in nature, duration and geographical scope. The P.C. further acknowledges that any violation of those restrictive covenants will cause the Company irreparable damage, which a monetary award would be inadequate to remedy, and that a court or arbitrator of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving party to post any bond or surety. If a court or arbitrator of competent jurisdiction determines that any of the restrictive covenants set forth in Section 10 or 11 are unreasonable in nature, duration or geographic scope, then the P.C. agrees that such court or arbitrator shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent. If any court or arbitrator finds that the P.C. and/or any Provider has breached the restrictive covenants set forth in Sections 10 or 11 above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach.

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1 3 . **Employment Agreements**. The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third-party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. Any liquidated damages pad to the P.C. by Providers pursuant to contracts between the P.C. and such Providers shall be assigned by the P.C. and paid over to the Company.

14. **Term and Termination**.

(a) The term of this Agreement shall be for [**coterminous with franchise agreement]** years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.

(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of thirty (14) days.

(c) The Company may terminate this Agreement immediately upon any of the following events:

(i) The date of death of **[Name of sole shareholder];**

(ii) The date **[Name of sole shareholder] is** determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services

(iii) The date **[Name of sole shareholder]** becomes disqualified under the Bylaws of the P.C. or applicable law to be a shareholder of the P.C.;

(iv) The date upon which any of the shares of stock in the P.C. held by **[Name of sole shareholder]** are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;

(v) The date upon which **[Name of sole shareholder]** ceases to provide chiropractic services in connection with the P.C.; or

(v) The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.

(d) The Company may terminate this Agreement if the P.C. fails, within seven (7) days after receiving written notice from the Company, to remove from the Clinic any Provider who the Company determines has materially disrupted or interfered with the performance of the P.C.'s obligations hereunder. This provision shall not be construed as permitting the Company to control or impair the P.C.'s or the Providers' chiropractic judgment, professional performance or patient of care.

(e) The Company may terminate this Agreement immediately upon written notice to the P.C. in the event of termination for any reason of any of the following agreements: the Shareholder and Stock Transfer Restriction Agreement, the Company's operating agreement and/or the employment agreement between the P.C. and _____ **[Doctor's Name].**

(f) The Company may terminate this Agreement at any time with or without cause, by giving the P.C. forty-five (45) days' prior written notice.

(g) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.

(h) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under paragraph 5 hereof as of the date of termination or expiration.

(i) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.'s possession or under the P.C.'s control.

(j) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as "Action"), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eight (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this Section 15(j), then the restrictions contained in 10 and 11 of this Agreement shall be waived and shall be of no further effect.

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15. Obligations After Termination. Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

(a) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;

(b) The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;

(c) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and

(d) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Company pursuant to Section 15(b), (c), or (d), the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed to by the Company in its discretion.

16. Return of Proprietary Property and Confidential Information. All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

17. Status of Parties. In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

18. Force Majeure. Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

19. Notices. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.

20. **Entire Agreement**. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.

21. **No Rights in Third Parties**. Except as provided in Section 13, hereof, this Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.

22. **Governing Law**. This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of _____, County of _____. **[Insert State where franchisee and P.C. are located.]**

23. **Severability**. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

24. **Waiver**. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.

25. **Rights Unaffected**. No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.

26. **Interpretation of Syntax**. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.

27. **Successors**. This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.

28. **Further Actions**. Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

29. **Non-Assignment**. The P.C. may not assign this Agreement except with the prior written approval of the Company. The Company may assign this Agreement.

30. **Access of the Government to Records**. To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Action [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extent for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.

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IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.

[P.C.]	**[JOINT FRANCHISEE/ "Company"]**
By:_____	**By:**_____
Its: President	**Its:** _____

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EXHIBIT A

TO JOINT MANAGEMENT AGREEMENT

EQUIPMENT/FURNISHINGS

[Insert "Supply List" for each Clinic]

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum (the "Addendum") to the Management Agreement (the "Agreement") dated _____, by and between the P.C. and the Company (for purposes of this addendum, the "Business Associate"), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the "HITECH Act"), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as "HIPAA").

I. Definitions. For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:

A. "Protected Health Information" shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. "Protected Health Information" does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) relates to the past. present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

B. "Required by Law" shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. "Required by Law" includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.

Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.

I I . Permitted Uses and Disclosures. Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:

A. Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement.

B. Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration ore to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this Section II(b), Business Associate shall Ii) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.

C. Business Associate may use or disclose protected Information as Required by Law.

D. Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.

I I I . Disclosure to Agent. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.

I V . Safeguards. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.

V . Reporting of Improper Disclosures. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.

V I . Reporting of Disclosures of Security Incidents. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).

VII. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum.

VIII. Access to protected health information by the P.C.

A. Within (10) days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate's possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§ 164.524.

B. Within ten (10) days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate's possession necessary for the P. C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R § 164.528.

C. Within ten (10) days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate's possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. § 164.526. At the P.C.'s direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.

IX. Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.

X. Return of Protected Health Information Upon Termination. Upon termination of the Agreement, Business Associate shall: (a) if feasible, return or destroy all Protected Health Information received from , or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible.

XI. Obligations of P.C.

A. Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.

B. P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.

C. P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

XII. Amendment. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.

XIII. Indemnification. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating to the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.

XIV. Conflicting Terms. In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.

MANAGEMENT AGREEMENT

(For Use in FL, IL and NY)

THIS MANAGEMENT AGREEMENT ("Agreement") is made effective as of _____ by and between_____, a [State] [corporation/limited liability company], having its principal place of business at _____ ("the Company"), and _____, a _____ [State] professional service corporation, having its principal place of business at _____ (the "P.C.") **[This defined term may be adapted to correspond to the applicable business form (*i.e.,* P.L.L.C.).].**

WHEREAS, the P.C. has been incorporated under the laws of the State of _____ to render chiropractic services to patients of the P.C.;

WHEREAS, the P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the "Clinic") at _____ (the "Premises") and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company; and

WHEREAS, the Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.

NOW, THEREFORE, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

1.1 Representations and Warranties of the Company. The Company represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a corporation [**limited liability company**] duly organized, validly existing and in good standing under the laws of the State of _____.

1.2 Representations and Warranties of the P.C. The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of _____.

(b) Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P.C. as required by Section 4.10 below, applicable law and by the rules and regulations of any applicable governmental agency (collectively "Laws").

2. Furnishings and Equipment, Use of Premises, Trade Name

2.1 Title and Maintenance. During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. The P.C. shall use, and shall cause its Providers (as defined in Section 4.2, below) to use, the Equipment and Furnishings only in connection with the Clinic. Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Company on behalf of the P.C., in accordance with Section 3.1 of this Agreement. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Company or its designee at any reasonable time.

2.2 Liens, Encumbrances, Etc. The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3 Use of Premises. The Company will provide the use of the Premises in which the P.C. shall conduct and provide its chiropractic services at the Clinic during the term of this Agreement. This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant. The P.C. shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional chiropractic services on the Premises as expressly set forth in this Agreement.

2 . 4 Return of Equipment and Furnishings. Upon the termination or expiration, as applicable of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2 . 5 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the furnishings and Equipment to any third party, without the prior written consent of the Company.

2 . 6 Reporting. The P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.

2.7 Use of Trade Name. The Company shall provide P.C. with a revocable license to use the name "The Joint…the chiropractic place" for the Clinic (the "Name") and the Name shall be used by the P.C. in conformity with all applicable Laws.

3. General Responsibilities of the Company. Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day-to-day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, in all respects subject to applicable Laws.

For Use in FL, IL and NY

3 . 1 **Maintenance, Repair and Servicing of Furnishings and Equipment**. During the term of this Agreement, the P.C. engages the Company and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and furnishings to be maintained in good working condition, reasonable wear and tear excepted.

3.4 **Administrative and Management Services**

(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. ("the Management Services"), as described below. The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company. Subject to the terms of this Agreement and to applicable Laws, the Company is authorized to perform its services in whatever manner it deems necessary to meet the day to day requirements of the P.C., including, without limitation, performance of some business office functions at locations other than the premises of the P.C. and by person other than employees of the Company. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms' length agreements on terms reasonably available from reasonably efficient competing vendors.

(b) The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:

(i) business planning;

(ii) financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Monthly Obligations (as defined in Section 4.4(d) hereof);

(iii) bookkeeping, accounting, and data processing services;

(iv) maintenance of patient records in accordance with procedures established by the P.C. pursuant to Section 1.2(c) above;

(v) materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.'s approval of the selection of chiropractic equipment for the Clinic;

(vi) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;

(vii) human resources management, including primary direction and control of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);

(viii) billing to and collection from all payors, accounts receivable and accounts payable processing, all in accordance with the P.C.'s decisions made in consultation with the Company;

(ix) administering utilization, cost and quality management systems that are established in accordance with Section 4.3;

(x) developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;

(xi) arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;

(xii) providing administrative services in connection with the P.C.'s advertising, marketing and promotional activities of the Clinic, in accordance with applicable laws;

(xiii) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company;

(xiv) performing credentialing support services such as application processing and information verification;

(xv) developing and providing OSHA compliance programs and consulting;

(xvi) developing and providing P.C. with consulting services regarding pricing and membership plan strategies to be followed by the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and

(xvii) to the extent not included in any of the services listed in Section 3.2(b)(i) – (xv) providing:

(a) relationship development with Chiropractic schools;

(b) personnel training and orientation in non-Chiropractic areas;

(c) monitoring of industry developments and strategic planning;

(d) payroll processing;

(e) public relations;

(f) facilities management;

(g) coordination and negotiation of clinic financing efforts;

(h) clinic remodels;

(i) continuing education programs;

(j) client scheduling protocol design;

(k) client service and complaint handling;

(l) clinic management analysis;

(m) internal publications development and distribution;

(n) conference and travel coordination; and

(o) administration of committees.

(c) The Company shall not provide any of the following services to the Clinic:

(i) the assignment of Providers to treat patients;
(ii) assumption of responsibility for the care of patients;

(iii) serving as the party to whom bills and charges are made payable;

(iv) any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and regulations in _____ (**State**).

3.3 **Administrative Staff**. Subject to the requirements of applicable Laws, the Company shall, on the terms and conditions specified in this Agreement, employ or engage and make available to the Clinic, on a non-exclusive basis, sufficient non-clinical personnel and administrative staff (herein referred to collective as "Administrative Staff"). The hiring, firing, disciplining and determination of compensation and benefits of the Administrative Staff shall be within the sole discretion of the Company; provided, however, that the Company may, at the P.C.'s written request, remove from the Clinic any Administrative Staff member who does not perform to the reasonable satisfaction of P.C.

3.4 **Patient Records**. The Company shall use its reasonable efforts to preserve the confidentiality of patient records and use information contained in such records only to the extent permitted by applicable Laws.

3.5 **Performance Standards**. All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.

4. Responsibilities of the P.C.

4.1 **Professional Services**. During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement of all Providers. In addition, the P.C. shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.

4.2 **Time Commitment**. The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as "Providers") in adequate numbers to meet the chiropractic needs of the patients of the Clinic. The P.C. shall provide such services during normal business hours, as established in consultation with the Company. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work.

4 . 3 **Quality of Service**. The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate.

4.4 **Billing and Collection**.

(a) The Company shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.'s decisions made in consultation with the Company regarding billing procedures for professional services provided by the P.C. All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "Concentration Account") with a bank mutually agreed to by the Company and the P.C. (the "Account Bank"). The Company shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Company.

(b) The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement. The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power an authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.'s Expenses (as defined in Section 4.13 below). The P.C. shall notify the banking institution of the concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account.

(c) With respect to funds deposited in the Concentration Account (the "P.C.'s revenues"), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the "Operating Account"). The Company shall hold the P.C.'s Revenues in the Operating Account as the P.C.'s agent, and shall administer such Revenues on the P.C.'s behalf. The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.'s Revenues.

(d) On at least a monthly basis, the Company shall pay, from the P.C.'s Revenue in the Operating Account, all of the current month's P.C. Expenses, as defined in Section 4.13 hereof and the current month's Management Fee as defined in Section 5 hereof (collectively, the "P.C.'s Monthly Obligations"). In the event that the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Company may advance to the P.C. an amount equal to the deficit (the "Deficit Advance") by depositing such amount in the Concentration Account or the Operating Account. The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this Agreement. In the event that there is a monthly profit that exceeds the P.C.'s Monthly Obligations (the "Monthly Profits"), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereof.

4 . 5 **Licensure**. The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.

4.6 **Continuing Education**. The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.

4 . 7 **Disciplinary Actions**. The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.8 **Outside Activities**. The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activities, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.'s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld. The P.C. shall assure that each of its Providers shall not provide chiropractic services other than on behalf of the P.C., unless such activity is disclosed in writing to and is expressly authorized in writing by the Company. In the event that any of the P.C.'s Providers shall violate any provision of this Section 4.8(a), the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action to cease such activity.

(b) Except as otherwise approved in advance by the Company, and to the extent permitted by law, all amounts collected by the P.C. for chiropractic services, regardless of the source of payment, shall be assigned and belong to the Company including honoraria, royalties, revenues from patents, copyrights or other licensable intellectual property, revenues from teaching and supervising licensees-in-training and revenues from other professional activities ("Outside Income").

4.9 **Patient Records**.

(a) The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.

(b) The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company's administrative responsibilities hereunder. The P.C. agrees that, upon the termination of this Management Agreement (as permitted by applicable laws), the P.C. will transfer the original, or at PC's discretion, complete copies of all of the P.C.'s patient records to a successor P.C. or chiropractor identified by the Company who will provide chiropractic services at the Premises. Such successor P.C. or chiropractor shall be obligated to transfer a patient's record as directed upon the patient's request.

(c) As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.

4.10 Credentialing. The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.

4.11 Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.

4.12 Standards of Care. The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.

4.13 P.C. Expenses. The following expenses of the P.C. that are related to the Clinic ("P.C. Expenses") shall be paid by the Management Company, on behalf of the P.C. and at the direction of the P.C.:

(a) Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;

(b) Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;

(c) Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;

(d) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;

(e) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;

(f) Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and

(g) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.

The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Management Fee..

(a) In consideration of the Company (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to **[_____ Dollars ($_____)].** The Management Fee will be adjusted annually by the parties. The Management Fee shall be paid in accordance with Section 4.4(d). In the event that in any month the P.C.s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P.C. shall be obligated to pay such amount until fully paid in accordance with Section 4.4(d). The parties agree that the Management Fee represents the fair market value of the items and services provided under this Agreement. Further, the parties acknowledge that the Management Fee is not based upon, or in no way take into account, the volume or value of referrals to the Clinic or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Clinic.

(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services without taking into account the volume or value of any referrals of business from the Company (or its affiliates) to the P.C. or the Providers, or from the P.C. or the Providers to the Company (or its affiliates).

(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.

6. Regulatory Matters.

(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P.C.

(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.

For Use in FL, IL and NY

7. Insurance.

7.1 General Comprehensive Liability Insurance. During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provide for third (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7.2 Equipment Insurance. The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provided for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7.3 Malpractice Insurance. During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of not less than [one million dollars ($1,000,000) per occurrence and three million dollars ($3,000,000) in the aggregate], which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the Company shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

8. Indemnification by the P.C. The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the p.c. OF This Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising form or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C. or any Provider, or the Company, that may become known to the P.C.

9. Indemnification by the Company. The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.

For Use in FL, IL and NY

10. Non-Solicitation.

(a) To the extent permitted by applicable Laws, the P.C.s hall not, during the term of this Agreement and for a period of one (1) year from the date of termination or expiration of this Agreement, and shall ensure that its Providers shall not, during the term of their employment by the P.C. and for a period of one (1) year thereafter, solicit for employment, verbally or in writing, employ or offer employment to any employee or former employee of the Company or its affiliates, including, but not limited to any personnel provided by the Company to P.C. hereunder, without the prior written consent of the Company.

(b) To the extent permitted by law, during the term of any Provider's employment with the P.C. and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P.C., such Provider shall not, without the express written consent of the P.C., solicit verbally or in writing, any patient or former patient of the P.C., or otherwise interfere with such patient or former patient's relationship with the P.C. in connection with the provisions of chiropractic services. Upon termination of any Provider's employment with the P.C., the P.C. shall promptly notify the Provider's patients of how and where to contact the Provider.

(c) In the event that any of the P.C.'s Providers shall violate any provision of this Section 10, the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action.

(d) Company agrees to waive any outstanding Management Fees owed by the P.C. at termination of this agreement, pursuant to Section 4.4(d), as consideration for the non-solicitation provisions set forth in Section 10 (a) and (b) above.

11. Proprietary Rights. The P.C. recognizes and acknowledges that all records, files, reports, protocols, polities, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

12. Enforcement.

(a) The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the Company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

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(b) All works, discoveries and developments, whether or not copyrightable, relating to the Company's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or, during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. or any Provider at any time during the Company's management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C: and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or 'any Provider's part in respect thereof, and P.C. and/or any such Provider hereby assign all rights therein to the Company.

(c) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.

1 3 . Employment Agreements. The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third-party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. Any liquidated damages pad to the P.C. by Providers pursuant to contracts between the P.C. and such Providers shall be assigned by the P.C. and paid over to the Company.

14. Term and Termination.

(a) The term of this Agreement shall be for [**coterminous with franchise agreement]** years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.

(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of thirty (14) days.

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(c) The Company may terminate this Agreement immediately upon any of the following events:

(i) The date of death of **[Name of sole shareholder];**

(ii) The date **[Name of sole shareholder] is** determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services

(iii) The date **[Name of sole shareholder]** becomes disqualified under the Bylaws of the P.C. or applicable law to be a shareholder of the P.C.;

(iv) The date upon which any of the shares of stock in the P.C. held by **[Name of sole shareholder]** are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;

(v) The date upon which **[Name of sole shareholder]** ceases to provide chiropractic services in connection with the P.C.; or

(v) The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.

(d) The Company may terminate this Agreement if the P.C. fails, within seven (7) days after receiving written notice from the Company, to remove from the Clinic any Provider who the Company determines has materially disrupted or interfered with the performance of the P.C.'s obligations hereunder. This provision shall not be construed as permitting the Company to control or impair the P.C.'s or the Providers' chiropractic judgment, professional performance or patient of care.

(e) The Company may terminate this Agreement immediately upon written notice to the P.C. in the event of termination for any reason of any of the following agreements: the Shareholder and Stock Transfer Restriction Agreement, the Company's operating agreement and/or the employment agreement between the P.C. and _____ **[Doctor's Name].**

(f) The Company may terminate this Agreement at any time with or without cause, by giving the P.C. forty-five (45) days' prior written notice.

(g) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.

(h) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under paragraph 5 hereof as of the date of termination or expiration.

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(i) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.'s possession or under the P.C.'s control.

(j) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as "Action"), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eight (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this Section 15(j), then the restrictions contained in 10 and 11 of this Agreement shall be waived and shall be of no further effect.

15. Obligations After Termination. Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

(a) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;

(b) The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;

(c) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and

(d) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Company pursuant to Section 15(b), (c), or (d), the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed to by the Company in its discretion.

16. Return of Proprietary Property and Confidential Information. All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

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17. **Status of Parties**. In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

18. **Force Majeure**. Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

19. **Notices**. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.

20. **Entire Agreement**. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.

21. **No Rights in Third Parties**. Except as provided in Section 13, hereof, this Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.

22. **Governing Law**. This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of _____, County of _____. **[Insert State where franchisee and P.C. are located.]**

23. **Severability**. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

24. **Waiver**. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.\

25. **Rights Unaffected**. No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.

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26. **Interpretation of Syntax**. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.

27. **Successors**. This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.

28. **Further Actions**. Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

29. **Non-Assignment**. The P.C. may not assign this Agreement except with the prior written approval of the Company. The Company may assign this Agreement.

30. **Access of the Government to Records**. To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Action [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extent for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.

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IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.

[P.C.]	**[JOINT FRANCHISEE/ "Company"]**
By: _____	**By:** _____
Its: **President**	**Its:** _____

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EXHIBIT A

TO JOINT MANAGEMENT AGREEMENT

EQUIPMENT/FURNISHINGS

[Insert "Supply List" for each Clinic]

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum (the "Addendum") to the Management Agreement (the "Agreement") dated _____, by and between the P.C. and the Company (for purposes of this addendum, the "Business Associate"), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the "HITECH Act"), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as "HIPAA").

I. Definitions. For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:

A. "Protected Health Information" shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. "Protected Health Information" does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) relates to the past. present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

B. "Required by Law" shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. "Required by Law" includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.

Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.

I I . Permitted Uses and Disclosures. Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:

A. Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement.

B. Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration ore to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this Section II(b), Business Associate shall Ii) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.

C. Business Associate may use or disclose protected Information as Required by Law.

D. Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.

I I I . Disclosure to Agent. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.

I V . Safeguards. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.

V . Reporting of Improper Disclosures. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.

V I . Reporting of Disclosures of Security Incidents. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).

VII. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum.

VIII. Access to protected health information by the P.C.

A. Within (10) days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate's possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§ 164.524.

B. Within ten (10) days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate's possession necessary for the P. C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R § 164.528.

C. Within ten (10) days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate's possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. § 164.526. At the P.C.'s direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.

IX. Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.

X . Return of Protected Health Information Upon Termination. Upon termination of the Agreement, Business Associate shall: (a) if feasible, return or destroy all Protected Health Information received from , or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible.

XI. Obligations of P.C.

A. Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.

B. P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.

C. P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

XII. Amendment. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.

XIII. Indemnification. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating to the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.

XIV. Conflicting Terms. In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.

MANAGEMENT AGREEMENT

(North Carolina)

THIS MANAGEMENT AGREEMENT ("Agreement") is made effective as of _____ by and between_____, a [State] [corporation/limited liability company], having its principal place of business at _____ ("the Company"), and _____, a _____ [State] professional service corporation, having its principal place of business at (the "P.C.") **[This defined term may be adapted to correspond to the applicable business form (*i.e.,* P.L.L.C.).].**

WHEREAS, the P.C. has been incorporated under the laws of the State of _____ to render chiropractic services to patients of the P.C.;

WHEREAS, the P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the "Clinic") at _____ (the "Premises") and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company; and

WHEREAS, the Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.

NOW, THEREFORE, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

1.1 Representations and Warranties of the Company. The Company represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a corporation [**limited liability company**] duly organized, validly existing and in good standing under the laws of the State of _____.

1.2 Representations and Warranties of the P.C. The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of _____.

(b) Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P.C. as required by Section 4.10 below, applicable law and by the rules and regulations of any applicable governmental agency (collectively "Laws").

2. Furnishings and Equipment, Use of Premises, Trade Name

2.1 Title and Maintenance. During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. The P.C. shall use, and shall cause its Providers (as defined in Section 4.2, below) to use, the Equipment and Furnishings only in connection with the Clinic. Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Company on behalf of the P.C., in accordance with Section 3.1 of this Agreement. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Company or its designee at any reasonable time.

2.2 Liens, Encumbrances, Etc. The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3 Use of Premises. The Company will provide the use of the Premises in which the P.C. shall conduct and provide its chiropractic services at the Clinic during the term of this Agreement. This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant. The P.C. shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional chiropractic services on the Premises as expressly set forth in this Agreement.

2.4 Return of Equipment and Furnishings. Upon the termination or expiration, as applicable of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2.5 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the furnishings and Equipment to any third party, without the prior written consent of the Company.

2.6 Reporting. The P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.

2.7 Use of Trade Name. The Company shall provide P.C. with a revocable license to use the name "The Joint…the chiropractic place" for the Clinic (the "Name") and the Name shall be used by the P.C. in conformity with all applicable Laws.

3. General Responsibilities of the Company. Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day-to-day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, in all respects subject to applicable Laws.

3 . 1 **Maintenance, Repair and Servicing of Furnishings and Equipment**. During the term of this Agreement, the P.C. engages the Company and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and furnishings to be maintained in good working condition, reasonable wear and tear excepted.

3.2 **Administrative and Management Services**

(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P.C. ("the Management Services"), as described below. The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company. Subject to the terms of this Agreement and to applicable Laws, the Company is authorized to perform its services in whatever manner it deems necessary to meet the day to day requirements of the P.C., including, without limitation, performance of some business office functions at locations other than the premises of the P.C. and by person other than employees of the Company. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms' length agreements on terms reasonably available from reasonably efficient competing vendors.

(b) The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:

(i) business planning;

(ii) financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Monthly Obligations (as defined in Section 4.4(d) hereof);

(iii) bookkeeping, accounting, and data processing services;

(iv) maintenance of patient records owned and maintained by the P.C. in accordance with procedures established by the P.C. pursuant to Section 1.2(c) above;

(v) materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.'s approval of the selection of chiropractic equipment for the Clinic;

(vi) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;

(vii) human resources management, including primary direction and control of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);

(viii) billing to and collection from all payors, accounts receivable and accounts payable processing, all in accordance with the P.C.'s decisions made in consultation with the Company;

(ix) administering utilization, cost and quality management systems that are established in accordance with Section 4.3;

(x) developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;

(xi) arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;

(xii) providing administrative services in connection with the P.C.'s advertising, marketing and promotional activities of the Clinic, in accordance with applicable laws;

(xiii) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company;

(xiv) performing credentialing support services such as application processing and information verification;

(xv) developing and providing OSHA compliance programs and consulting;

(xvi) developing and providing P.C. with consulting services regarding pricing and membership plan strategies to be followed by the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and

(xvii) to the extent not included in any of the services listed in Section 3.2(b)(i) – (xv) providing:

(a) relationship development with Chiropractic schools;

(b) personnel training and orientation in non-Chiropractic areas;

(c) monitoring of industry developments and strategic planning;

(d) payroll processing;

(e) public relations;

(f) facilities management;

(g) coordination and negotiation of clinic financing efforts;

(h) clinic remodels;

(i) continuing education programs;

(j) client scheduling protocol design;

(k) client service and complaint handling;

(l) clinic management analysis;

(m) internal publications development and distribution;

(n) conference and travel coordination; and

(o) administration of committees.

(c) The Company shall not provide any of the following services to the Clinic:

(i) the assignment of Providers to treat patients;

(ii) assumption of responsibility for the care of patients;

(iii) serving as the party to whom bills and charges are made payable;

(iv) any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and regulations in _____ (**State**).

3 . 3 **Administrative Staff**. Subject to the requirements of applicable Laws, the Company shall, on the terms and conditions specified in this Agreement, employ or engage and make available to the Clinic, on a non-exclusive basis, sufficient non-clinical personnel and administrative staff (herein referred to collective as "Administrative Staff"). The hiring, firing, disciplining and determination of compensation and benefits of the Administrative Staff shall be within the sole discretion of the Company; provided, however, that the Company may, at the P.C.'s written request, remove from the Clinic any Administrative Staff member who does not perform to the reasonable satisfaction of P.C.

3.4 **Patient Records**. The Company shall use its reasonable efforts to preserve the confidentiality of patient records and use information contained in such records only to the extent permitted by applicable Laws.

3.5 **Performance Standards**. All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.

4. Responsibilities of the P.C.

4.1 **Professional Services**. During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement of all Providers. In addition, the P.C. shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.

4.2 **Time Commitment**. The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as "Providers") in adequate numbers to meet the chiropractic needs of the patients of the Clinic. The P.C. shall provide such services during normal business hours, as established in consultation with the Company. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work.

4.3 **Quality of Service**. The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate. The P.C. shall ensure that no Provider materially disrupts or interferes with the performance of the P.C.'s obligations hereunder at the Clinic.

4.4 **Billing and Collection**.

(a) The Company shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.'s decisions made in consultation with the Company regarding billing procedures for professional services provided by the P.C. All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "Concentration Account") with a bank mutually agreed to by the Company and the P.C. (the "Account Bank"). The Company shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Company.

(b) The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore which are generated during the term of this Agreement. The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power an authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.'s Expenses (as defined in Section 4.13 below). The P.C. shall notify the banking institution of the concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account.

(c) With respect to funds deposited in the Concentration Account (the "P.C.'s revenues"), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the "Operating Account"). The Company shall hold the P.C.'s Revenues in the Operating Account as the P.C.'s agent, and shall administer such Revenues on the P.C.'s behalf. The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.'s Revenues.

(d) On at least a monthly basis, the Company shall pay, from the P.C.'s Revenue in the Operating Account, all of the current month's P.C. Expenses, as defined in Section 4.13 hereof and the current month's Management Fee as defined in Section 5 hereof (collectively, the "P.C."s Monthly Obligations"). In the event that the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Company may advance to the P.C. an amount equal to the deficit (the "Deficit Advance") by depositing such amount in the Concentration Account or the Operating Account. The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this Agreement. In the event that there is a monthly profit that exceeds the P.C.'s Monthly Obligations (the "Monthly Profits"), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereof.

4.5 **Licensure**. The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.

4.6 **Continuing Education**. The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.

4.7 **Disciplinary Actions**. The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.8 **Outside Activities**. The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activities, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.'s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld. The P.C. shall assure that each of its Providers shall not provide chiropractic services other than on behalf of the P.C., unless such activity is disclosed in writing to and is expressly authorized in writing by the Company.

4.9 **Patient Records**.

(a) The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.

(b) The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company's administrative responsibilities hereunder. The P.C. agrees that, upon the termination of this Management Agreement (as permitted by applicable laws), the P.C. will transfer the original, or at P.C's discretion, complete copies of all of the P.C.'s patient records to a successor P.C. or chiropractor identified by the Company who will provide chiropractic services at the premises. Such successor P.C. or chiropractor shall be obligated to transfer a patient's record as directed upon the patient's request.

(c) As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.

4.10 Credentialing. The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.

4.11 Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.

4.12 Standards of Care. The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.

4.13 P.C. Expenses. The following expenses of the P.C. that are related to the Clinic ("P.C. Expenses") shall be paid by the Management Company, on behalf of the P.C. and at the direction of the P.C.:

(a) Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;

(b) Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;

(c) Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation and unemployment insurance coverage for all P.C. employees;

(d) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;

(e) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;

(f) Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and

(g) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.

The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Management Fee.

(a) In consideration of the Company (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to **[_____ Dollars ($_____)].** The Management Fee will be adjusted annually by the parties. The Management Fee shall be paid in accordance with Section 4.4(d). In the event that in any month the P.C.s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P.C. shall be obligated to pay such amount until fully paid in accordance with Section 4.4(d). The parties agree that the Management Fee represents the fair market value of the items and services provided under this Agreement. Further, the parties acknowledge that the Management Fee is not based upon, or in no way take into account, the volume or value of referrals to the Clinic or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Clinic.

(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services.

(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.

6. Regulatory Matters.

(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P.C.

(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.

7. Insurance.

7.1 General Comprehensive Liability Insurance. During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provide for third (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7.2 Equipment Insurance. The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provided for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7.3 Malpractice Insurance. During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of not less than [one million dollars ($1,000,000) per occurrence and three million dollars ($3,000,000) in the aggregate], which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the Company shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

8. Indemnification by the P.C. The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising form or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C. or any Provider, or the Company, that may become known to the P.C.

9 . Indemnification by the Company. The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.

10. Non-Solicitation.

(a) To the extent permitted by applicable Laws, the P.C.s hall not, during the term of this Agreement and for a period of one (1) year from the date of termination or expiration of this Agreement, and shall ensure that its Providers shall not, during the term of their employment by the P.C. and for a period of one (1) year thereafter, solicit for employment, verbally or in writing, employ or offer employment to any employee or former employee of the Company or its affiliates, including, but not limited to any personnel provided by the Company to P.C. hereunder, without the prior written consent of the Company.

(b) To the extent permitted by law, during the term of any Provider's employment with the P.C. and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P.C., such Provider shall not, without the express written consent of the P.C., solicit verbally or in writing, any patient or former patient of the P.C., or otherwise interfere with such patient or former patient's relationship with the P.C. in connection with the provisions of chiropractic services. Upon termination of any Provider's employment with the P.C., the P.C. shall promptly notify the Provider's patients of how and where to contact the Provider.

(c) In the event that any of the P.C.'s Providers shall violate any provision of this Section 10, the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action.

(d) Company agrees to waive any outstanding Management Fees owed by the P.C. at termination of this agreement, pursuant to Section 4.4(d), as consideration for the non-solicitation provisions set forth in Section 10 (a) and (b) above.

1 1 . Proprietary Rights. The P.C. recognizes and acknowledges that all records, files, reports, protocols, polities, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

12. Enforcement.

(a) The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the Company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

(b) All works, discoveries and developments, whether or not copyrightable, relating to the Company's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or, during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. or any Provider at any time during the Company's management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C: and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or 'any Provider's part in respect thereof, and P.C. and/or any such Provider hereby assign all rights therein to the Company.

(c) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.

1 3 . **Employment Agreements**. The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third-party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement.

14. **Term and Termination**.

(a) The term of this Agreement shall be for [**coterminous with franchise agreement]** years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.

(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of fourteen (14) days.

(c) The Company may terminate this Agreement immediately upon any of the following events:

(i) The date of death of **[Name of sole shareholder];**

(ii) The date **[Name of sole shareholder] is** determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services

(iii) The date **[Name of sole shareholder]** becomes disqualified under the bylaws of the P.C. or applicable law to be a shareholder of the P.C.;

(iv) The date upon which any of the shares of stock in the P.C. held by **[Name of sole shareholder]** are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;

(v) The date upon which **[Name of sole shareholder]** ceases to provide chiropractic services in connection with the P.C.; or

(vi) The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.

(d) The Company may terminate this Agreement immediately upon written notice to the P.C. in the event of termination for any reason of any of the following agreements: the Shareholder and Stock Transfer Restriction Agreement, the Company's operating agreement and/or the employment agreement between the P.C. and _____ **[Doctor's Name].**

(e) The Company may terminate this Agreement at any time with or without cause, by giving the P.C. forty-five (45) days' prior written notice.

(f) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party.

(g) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under paragraph 5 hereof as of the date of termination or expiration.

(h) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.'s possession or under the P.C.'s control.

(i) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as "Action"), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date one hundred and eight (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this Section 15(j), then the restrictions contained in 10 and 11 of this Agreement shall be waived and shall be of no further effect.

15. Obligations After Termination. Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

(a) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;

(b) The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;

(c) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and

(d) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Company pursuant to Section 15(b), (c), or (d), the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed to by the Company in its discretion.

16. Return of Proprietary Property and Confidential Information. All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

17. **Status of Parties**. In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

18. **Force Majeure**. Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

19. **Notices**. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.

20. **Entire Agreement**. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.

21. **No Rights in Third Parties**. Except as provided in Section 13, hereof, this Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.

22. **Governing Law**. This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of _____, County of _____. **[Insert State where franchisee and P.C. are located.]**

23. **Severability**. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

24. **Waiver**. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.

25. **Rights Unaffected**. No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.

26. **Interpretation of Syntax**. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.

27. **Successors**. This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.

28. **Further Actions**. Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

29. **Non-Assignment**. The P.C. may not assign this Agreement except with the prior written approval of the Company. The Company may assign this Agreement.

30. **Access of the Government to Records**. To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Action [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extent for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.

[P.C.]	**[JOINT FRANCHISEE/ "Company"]**
By: _____	**By:** _____
Its: **President**	**Its:** _____

EXHIBIT A

TO JOINT MANAGEMENT AGREEMENT

EQUIPMENT/FURNISHINGS

[Insert "Supply List" for each Clinic]

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum (the "Addendum") to the Management Agreement (the "Agreement") dated _____, by and between the P.C. and the Company (for purposes of this addendum, the "Business Associate"), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the "HITECH Act"), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as "HIPAA").

I. Definitions. For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:

A. "Protected Health Information" shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. "Protected Health Information" does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) relates to the past. present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

B. "Required by Law" shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. "Required by Law" includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.

Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.

I I . Permitted Uses and Disclosures. Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:

A. Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement.

B. Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration ore to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this Section II(b), Business Associate shall Ii) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.

C. Business Associate may use or disclose protected Information as Required by Law.

D. Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.

I I I . Disclosure to Agent. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.

I V . Safeguards. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.

V . Reporting of Improper Disclosures. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.

V I . Reporting of Disclosures of Security Incidents. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).

VII. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum.

VIII. Access to protected health information by the P.C.

A. Within (10) days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate's possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§ 164.524.

B. Within ten (10) days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate's possession necessary for the P. C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R § 164.528.

C. Within ten (10) days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate's possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. § 164.526. At the P.C.'s direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.

IX. Access of HHS. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.

X . Return of Protected Health Information Upon Termination. Upon termination of the Agreement, Business Associate shall: (a) if feasible, return or destroy all Protected Health Information received from , or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible.

XI. Obligations of P.C.

A. Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.

B. P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.

C. P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

XII. Amendment. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.

XIII. Indemnification. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating to the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.

XIV. Conflicting Terms. In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.

EXHIBIT M

AMENDMENT TO
WAIVE MANAGEMENT AGREEMENT

AMENDMENT TO
FRANCHISE AGREEMENT
WAIVER OF MANAGEMENT AGREEMENT

THIS AMENDMENT ("Amendment") is made and entered into on this __ day of _____, 20_ by and between The Joint Corp., a Delaware corporation ("Franchisor" or "we" or "us"), and _____, a _____ ("Franchisee" or "you").

RECITALS

A. We and you are parties to a The Joint Corp. Franchise Agreement dated as of the same date as this Amendment (the "Franchise Agreement"), which pertains to the management and operation of a "The Joint" business at a facility operating under the name "The Joint" (which is referred to as a "Clinic") (together the management and operation of a Clinic will be referred to as the "Franchised Business") with the "Territory" as described in the Franchise Agreement. Your Clinic will be located and operated in the state of

B. We and you wish to amend the terms of the Franchise Agreement as described below.

C. All capitalized terms not defined in this Amendment will have the meaning set forth in the Franchise Agreement, or the Management Agreement (as defined below).

AGREEMENT

NOW THEREFORE, we and you, in consideration of the undertakings and commitments of each party to the other party set forth herein and in the Franchise Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, mutually agree as follows:

I. Franchisee's Representations and Warranties:

a. You understand and agree that you are solely responsible for operating in full compliance with all laws that apply to your Franchised Business. The laws regulating the chiropractic medical industry include without limitation, federal, state and local regulations relating to: the practice of chiropractic medicine and the operation and licensing of chiropractic services; the relationship of providers and suppliers of health care services, on the one hand, and physicians and clinicians, on the other, including anti-kick back laws; restrictions or prohibition on fee splitting; physician self-referral restrictions; payment systems for medical benefits available to individuals through insurance and government resources; privacy of patient records; use of medical devices; and advertising of medical services (together such are, "Medical Regulations").

b. You represent and warrant to us that: (1) you have conducted independent research regarding the Medical Regulations that are applicable to chiropractic services generally, and the Franchised Business specifically in the Territory, including retaining the services of qualified professional advisers as necessary; (ii) you have verified that under the Medical Regulations applicable to your Franchised Business, you are permitted to both manage the Clinic and operate the Clinic, including hiring any chiropractic and other personnel and providing chiropractic services to patients at the Clinic.

c. You have requested that, based on your representations and warranties to us as to the Medical Regulations applicable to your Franchised Business, we waive the requirements of the Franchise Agreement that you (i) enter into a management agreement with a PC, which as a separate entity would operate the Clinic and provide all chiropractic services, and (ii) you refrain from providing any chiropractic services to patients or hiring and supervising medical providers, subject to all applicable Medical Regulations.

d. You acknowledge and agree that we are entering into this Amendment in reliance your representations and warranties. You understand and agree that your obligations to operate in compliance with Medical Regulations will continue throughout the term of the Franchise Agreement, and if there are any changes in Medical Regulations that would render your operation of the Clinic in violation of any Medical Regulation, you will immediately advise of such change and of the your proposed corrective action to comply with Medical Regulations, including (if applicable) entering into a management agreement with a PC.

e. You acknowledge and agree that by requesting us to permit you to perform all of the activities and obligations of the PC (rather than signing a management agreement with a PC that would operate the Clinic), you will incur all costs of both managing and operating the Clinic, including those costs that would otherwise be borne by the PC (such as obtaining all necessary licensing and certification for practicing chiropractic medicine and compensation of chiropractic professionals). You have researched the costs associated with both managing and operating the Clinic.

2. Based on your representations and warranties to us above, you and we agree as follows:

a. Notwithstanding anything to the contrary in the Franchise Agreement, including Section 1.2, you are not required by the Franchise Agreement to enter into a Management Agreement with a PC, provided that you comply with applicable Medical Regulations.

b. Notwithstanding anything to the contrary in the Franchise Agreement, including Section 1.2, you are not restricted from providing chiropractic services to the Clinic's patients, or from hiring and supervising the chiropractors and employees who are legally authorized to provide chiropractic services to patients of the Clinic.

c. Instead of entering into the Management Agreement with a separate PC, you agree to be solely responsible for operating the Clinic and providing, or arranging for and supervising the provision of, chiropractic services to the patients of the Clinic. You, therefore, agree that you will perform all responsibilities and obligations of the "PC" as set forth in the form of Management Agreement attached to this Amendment as Exhibit A (the "Management Agreement"), which are hereby incorporated into this Amendment. Without limiting the foregoing, you acknowledge and agree that these obligations include:

(i) satisfying the representations and warranties of Section 1.2 of the Management Agreement;
(ii) selecting, maintaining, and using the Equipment and Furnishings in good condition and repair and in a safe and appropriate manner as described in Section 2 of the Management Agreement;
(iii) being responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic; selecting, training, supervising and employing (or otherwise engaging) all Providers; ensuring that the Clinic and all Providers maintain all necessary licenses and credentials; establishing and maintaining quality and standards of patient care, as described in Section 4 of the Management Agreement;
(iv) maintaining malpractice and other insurance as described in Section 7 of the Management Agreement;
(v) indemnifying us as described in Sections 8 and 9 of the Management Agreement; and
(vi) complying with the non-solicitation requirements of Section 10 of the Management Agreement.

d. Instead of entering into the Management Agreement with a separate PC, you agree to be solely responsible for providing the management and support services necessary for operating the Clinic. You, therefore, agree that you will perform all responsibilities and obligations of the "Company" as set forth in the Management Agreement, which are hereby incorporated into this Amendment. Without limiting the foregoing, you acknowledge and agree that these obligations include:

(i) providing the use of the Premises and Equipment and Furnishings as described in Section 2 of the Management Agreement;
(ii) providing the management and administrative services described in Sections 3 and 4 of the Management Agreement; and
(iii) ensuring that all insurance required by Section 7 of the Management Agreement is maintained.

e. Any reference in the Franchise Agreement to an obligation of, or requirement applicable to, the PC will be your obligation.

f. Any reference in the Franchise Agreement to the "Franchised Business" will include your activities in both managing and operating the Clinic.

3. Except as otherwise amended above, the Franchise Agreement is otherwise in full force and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment in duplicate on the day and year first above written.

FRANCHISOR	FRANCHISEE
THE JOINT CORP., a Delaware corporation	_____
By: _____	By: _____
Name: Chad Everts	
Title: V.P. Franchise Development	Its: _____
	Title: _____

EXHIBIT A TO AMENDMENT

MANAGEMENT AGREEMENT

EXHIBIT N

STATE-SPECIFIC DISCLOSURES

REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF CORPORATIONS PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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.

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

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Franchise Agreement contains a provision that in inconsistent with the law, the law will control. We may not terminate your franchise except for good cause, and we must give you a notice of default and a reasonable opportunity to cure the defects (except for certain defects specified in the statute, for which no opportunity to cure is required by law). The statute also requires that we give you notice of any intention not to renew your franchise at least 180 days before expiration of the Franchise Agreement.

You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF ARIZONA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

To the extent permitted by law, you and we waive any right to or claim for any punitive or exemplary damages against each other and agree that in the event of a dispute between us, each will be limited to the recovery of actual damages only (except in limited circumstances). Each party further waives trial by jury and, to the extent permitted by law, all claims arising out of or relating to the Franchise Agreement must be brought within one year from the date on which you or we knew or should have known of the facts giving rise to such claims (except for claims relating to nonpayment or underpayment of amounts you owe us).

The Franchise Agreement requires binding arbitration. The arbitration will occur at the office of the American Arbitration Office closest to our principal executive offices. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

REQUIRED BY THE STATE OF HAWAII

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

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

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

Item 20 of this Disclosure Document will be amended by the addition of the following paragraph:

As of the dates listed in Attachment 1, this franchise offering is or will be effective in California, Hawaii, Illinois, Indiana, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Washington and Wisconsin and exempt from registration in Arizona and Utah. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

REQUIRED BY THE STATE OF ILLINOIS

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

State Law

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 it applies to a subfranchise located in Illinois.

Any condition in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

REQUIRED BY THE STATE OF INDIANA

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of your franchise. This provision may not be enforceable under Indiana law.

Indiana law makes unilateral termination of your franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to Arizona law will abrogate or reduce any of your rights as provided for under Indiana law.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Although the Franchise Agreement requires arbitration to be held at the office of the American Arbitration Association closest to our principal executive offices, arbitration held pursuant to the Franchise Agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

MICHIGAN SPECIFIC-NOTICE

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised 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' notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

(v) 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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

REQUIRED BY THE STATE OF MARYLAND

A franchisee located within the state of Maryland shall not be required to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise which would act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The provisions in the Franchise Agreement relating to the general release that is required as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Lawsuits by either you or us may take place in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any limitation of claims provision(s) in the Franchise Agreement shall not act to reduce the 3-year statute of limitations afforded to you for bringing a claim under the Law. Any claims arising under the Maryland Franchise Registration and Law must be brought within 3 years after the grant of the franchise to you.

REQUIRED BY THE STATE OF MICHIGAN

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.

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

(j) 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.

(k) 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 each failure.

(l) 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 franchised 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' notice of franchisor's intent not to renew the franchise.

(m) 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.

(n) 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.

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

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

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

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

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

(v) 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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

REQUIRED BY THE STATE OF MINNESOTA

We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

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) and 180 days' notice for nonrenewal of the Franchise Agreement.

Minn. Stat. § 80C.17, Subd. 5, states that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues

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 the 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. Under Minnesota law, we cannot require you to consent to inunction relief; however, we may seek injunctive relief from the Court.

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

REQUIRED BY STATE OF NEW JERSEY

Liquidated damages are void if unreasonable under the totality of the circumstances, including whether a statute governs the relationship and concerns liquidated damages clauses; and the common practice in the industry.

REQUIRED BY THE STATE OF NEW YORK

Registration of this franchise by New York State does not mean that New York State recommends it or has verified the information in the Disclosure Document.

We may, if we choose, negotiate with you about items covered in the Offering Prospectus. However, we cannot use the negotiating process to prevail upon a prospective franchisee to accept terms which are less favorable than those set forth in the Offering Prospectus.

All references to "Disclosure Document" will be deemed to include the term "Offering Prospectus" as used under the General Business Law of New York.

Item 3 of the Offering Prospectus is supplemented with the following:

Except as provided in Item 3 of the Offering Prospectus, neither we nor any person identified in Item 2 of the Offering Prospectus, or an affiliate offering franchises under our principal trademark:

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.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

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 or 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4 of this Offering Prospectus is supplemented with the following:

Except as provided in Item 4 of the Offering Prospectus, neither we, our affiliates, nor any officer or general partner has at any time during the ten year period immediately before the date of the Offering Prospectus: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after our officer or general partner held this position in the company or partnership.

Under the Franchise Agreement, the Manuals we issue may be modified and you are bound by such modifications. However, no such modifications may impose an unreasonable economic burden on you.

Provisions of general releases are mentioned in the Offering Prospectus and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under this law will remain in force, it being the intent that the non-waiver proviso of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

We will not make any assignment of the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

The choice of law of the Franchise Agreement should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

Item 17 of the Offering Prospectus, the summary column of part (d), is modified to include the following sentence:

You can also terminate the Franchise Agreement on any grounds available by law.

REQUIRED BY THE STATE OF NORTH DAKOTA

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of your franchise. This provision may not be enforceable under North Dakota law.

Although the Franchise Agreement provides that the place of arbitration will be located at the office of the American Arbitration Association closest to our principal executive offices, we agree that the place of arbitration will be a location that is in close proximity to the site of your Franchised Business.

The Franchise Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. This provision may not be enforceable under North Dakota law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.

Although the Franchise Agreement provides that it will be governed by and construed in accordance with the laws of the State of Arizona, we agree that the laws of the State of North Dakota will govern the construction and interpretation of the Franchise Agreement.

A contractual requirement that you sign a general release may be unenforceable under the laws of North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury, the Commissioner has determined that a requirement requiring the waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages, the Commissioner had determined these types of provisions to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a limitation of claims period within one year, the Commissioner had determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is therefore governed by North Dakota law.

To the extent any provision of the Franchise Agreement requires you to consent to a waiver of exemplary or punitive damages, the provision will be deemed null and void.

REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Franchise Agreement says the laws of Arizona apply, § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

REQUIRED BY THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

These requirements must be included in an addendum to the Franchise Agreement you sign for the State of Washington.

EXHIBIT O

REQUIRED VENDOR AGREEMENTS

MERCHANT PAYMENT CARD AGREEMENT

MERCHANT PAYMENT CARD APPLICATION/AGREEMENT

MERCHANTS' CHOICE PAYMENT SOLUTIONS
P.O. Box 8339,
The Woodlands, TX 77387-8339
Ph: (800) 827-0064

WOODFOREST NATIONAL BANK
Woodforest National Bank
P.O. Box 9243
The Woodlands, TX 77387-8339
Ph: (877)-525-5113

☒ New Account ☐ Additional Location Main Location MID: ☐ Ownership Change Previous Owner's MID:

Independent Agent# / Bank ID#: 7150 Rep #: HT22 Rep Name: Mark Elias

I. Business Information (All fields in this section are mandatory)

Type of Ownership: ☐ Sole Proprietor ☐ Partnership ☐ Corporation ☐ LLC / LLP ☐ Non-Profit	Product / Service Sold:
Legal Business Name:	DBA:
CORPORATE/BILLING INFORMATION	**LOCATION/SHIPPING INFORMATION**
Address 1:	Address 1: (No P.O. Box!)
Address 2:	Address 2:
City:	City:
State: Zip:	State: Zip:
Phone: Fax:	Phone: Fax:
Email:	Customer Service Phone:
Bank Account # (DDA): (attach copy of voided check)	Web site:
Bank Routing # (ABA):	Do you currently accept Visa/MC/Discover® Network? ☐ Yes ☐ No (If yes, attach 3 months statements)
Financial Institution Name:	Date Business Formed (Mo/Yr):
Indicate if Classified as: ☐ Small Business ☐ Disadvantaged Business	Number of Locations:

II. Processing Volume

Average Ticket	Typical High-End Ticket	Monthly Bank Card Volume	Annual Volume
$ 50.00	$ 350.00	$ 30k-70k	$ 750k

Percent of Business (MUST = 100%)		Sales Method (MUST = 100%)			
90 %	Card Swiped	100 %	Store Front	%	Internet Services
%	Keyed with Imprint	%	Trade Show	%	Mail / Phone Order
10 %	Keyed without Imprint	%	Off Premise	%	Other, specify:

List all 3rd-party agents that have access to cardholder data:

III. Owners/Officers (Must reflect ownership of 50% or more)

Name	Title	Ownership %	Date of Birth	Social Security #
Residence Address, City, State, Zip				
Driver's License # / State	Residence Phone #	Cell Phone Number	Email Address	
Name	Title	Ownership %	Date of Birth	Social Security #
Residence Address, City, State, Zip				
Driver's License # / State	Residence Phone #	Cell Phone Number	Email Address	

IV. Association Disclosure (Member Bank: Woodforest National Bank, P.O. Box 8339, The Woodlands, TX 77380, (877) 525-5113)

Member Bank Responsibilities: (1) A VISA member is the only entity approved to extended acceptance of VISA products directly to a merchant. (2) A VISA member must be a principal (signer) to the Merchant Agreement. (3) Woodforest National Bank is responsible for and must provide settlement funds to the merchant. (4) Woodforest National Bank is responsible for all funds held in reserve that are derived from settlement. (5) Woodforest National Bank is responsible for educating merchants on pertinent VISA International Operating Regulations with which merchants must comply.
Merchant Responsibilities: (1) Ensure compliance with cardholder data security and storage requirements. (2) Maintain fraud and chargebacks below thresholds. (3) Review and understand the terms of the Merchant Agreement. (4) Comply with VISA International Operating Regulations.
The responsibilities listed above do not supersede the terms of the Merchant Agreement and are provided to ensure the merchant understands some of the important obligations of each party and that the VISA Member – Woodforest National Bank – is the ultimate authority should the Merchant have any problems.

Merchant Name	Merchant Title	Merchant Signature	Date:
		X	

Legal Business Name: ZERO DAY HOLD

V. Rates & Fees (For Visa, MasterCard, Discover and American Express unless otherwise noted)

DISCOUNT : ☐ Daily ☒ Monthly DEPOSIT TIME FRAME: ☐ Standard ☒ Alternate Funding – Subject to approval

☒ Interchange, Dues, Fees & Assessments plus Monthly Customer Service plus $0.07

MONTH	FLAT FIXED FEE
1 to 6	+ $ 25.00
7 to 12	+ $ 70.00
13 to Beyond	+ $ 130.00

Monthly Service Fee	$	0.00
Monthly PCI Protection Plan:	$	6.95
Monthly Pin Debit Access Fee:	$	0.00
Address Verification Fee:	$	0.10
Chargeback Fee:	$	25.00
Retrieval/Representment Fee:	$	10.00
☒ Batch Header Fee:	$	0.07
Annual Customer Service Fee:	$	
☐ Touch Tone Transaction Fee:	$	
Card Association Dues, Fees & Assessments:	Pass thru	
☐ Merchant Club – Equipment Warranty Units: ____ Monthly Fee per Unit:	$	N/A

☐ Pin Debit Rate & Transaction Fee(plus Network Fees):	N/A% + $	N/A
Annual Fee	$	79.00
Monthly eMerchant Support Fee:	$	8.00
AMEX/TB2 Draft Capture Transaction Fee:	$	0.07
Monthly Minimum Discount Fee:	$	N/A
Voice Authorization Fee:	$	1.00

Wireless		
☐ Wireless Setup Fee:	$	
Monthly Wireless Network Access Fee:	$	
Wireless Transaction Fee:	+$	
Gateway		
☐ Gateway Setup Fee:	$	0.00
Monthly Gateway Access Fee:	$	45.00
Gateway Transaction Fee:	+$	0.00

AMERICAN EXPRESS

Apply for American Express: ☒ American Express One Point or ☐ American Express ESA (Prior Sales Only) American Express Rate**: % + $

American Express Rate: ____% + Flat Per Transaction Fee $____ American Express Prepaid Discount Rate: ____% + Flat Per Transaction Fee $____

POS FEES

POS Monthly Software Fee: $ Monthly Rental Fee: $

ELECTRONIC CHECK FEES & RATES

☐ Apply for Electronic Check ☐ Guarantee ☐ Non- Guarantee ☐ ACH

Base Discount Rate	Transaction Fee	Monthly Service Fee	Monthly Minimum Fee	Merchant Club Fee	Return Item Fee	Check Monthly Dollar Volume	Average Check Size
%	$	$	$	$	$	$	$

REQUIRED CHECK INFORMATION

VI. Processing Equipment (See www.mcpscorp.com/terminals for list of accepted terminals)

FRONT END: ☐ FDR Omaha ☐ FDR Nashville ☐ FDR North ☐ TSYS ☐ Buypass

COMMUNICATION TYPE: ☐ Dial ☐ Wireless ☐ IP - Serial #:

☐ Retail ☐ MOTO/Full AVS ☐ QSR/Small Ticket ☐ Dial Out Prefix: ☐ Restaurant ☐ Tip ☐ V/WEX ☐ Hotel Check-In/Out ☐ EBT ☐ Rev PIP ☐ Virtual Terminal (email required) ☐ Wireless SIM Chip #: ESN#: Terminal Serial #:

☐ Auto Settle ____ ☐ A.M. ☐ P.M. Time Zone: ☐ EST ☐ CST ☐ MST ☐ PST

Ship Equipment : ☐ No ☐ Yes - If Yes, ship to ☐ Sales Office or ☐ Business Location

Equipment Type	Quantity	Manufacturer (Vendor)	Model #
Terminal:			
Printer:			
PIN Pad:			
Check Reader: Acct #			
Other:			

Software	
Product Name:	Zoomgate
Product Version #:	
Vendor Name:	
Vendor Contact:	
Vendor Phone:	
PCI DSS Audit	
Completion Date:	
Assessor Name:	

☐ Quick Stop Contact Name: Contact Email: Contact Phone:

☐ Imprinter plus one package of sales slips : $25.00

FIRST DATA GLOBAL LEASING INFORMATION: (This is a non-cancelable lease for the full term indicated. See Lease Terms & Conditions for details.)

Lease Term: ____Mos. Annual Tax Handling Fee: $ 30.20* *Applicable only in states with Property Tax Total Monthly Lease Charge: $ _____w/o taxes, late fees, or other charges that apply

Legal Business Name:

VII. Merchant Site Survey (To be completed by sales representative)

Merchant Location:	Area Zoned:	Permanent Signage?	Inventory Consistent with Business?
☒ Store Front ☐ Warehouse	☒ Commercial	☒ Yes ☐ No	☒ Yes ☐ No
☐ Office Building ☐ Website	☐ Industrial	Is Business Legitimate?	
☐ Residence ☐ Other	☐ Residential	☒ Yes ☐ No	

Business Location: ☐ Owned ☐ Leased If leased, Landlord Name Landlord Phone:

☐ I hereby certify that I have conducted my review of this merchant to the best of my ability and that, to the best of my knowledge and belief, the information set forth in this Application is true and accurate.

Inspected By (Print name) Signature X_____ Date

VIII. Trade References

Name	Company	Phone Number
Address		

IX. Product Advertising, Sales, and Delivery -- REQUIRED QUESTIONS 1-9 MUST BE ANSWERED -- MOTO QUESTIONS – 1-17 MUST BE ANSWERED

1. Description of product sold: _____Chiropractic Services____
(Sample(s) of product brochure(s)/catalog(s), price list(s), advertisement(s), yellow pages, etc. must be submitted.)

10. Name of fulfillment house, if any:
N/A_____

2. How does the customer purchase/order the product?
☒ In Person ☐ By Mail ☐ By Phone ☐ By Fax ☐ Internet

11. At what point is consumer paid in full?
☒ 100% Paid In Advance ☐ 100% Paid Upon Delivery / Completion

3. What is the delivery time frame to the consumer?
☒ 0-7 days ☐ 8-14 days ☐ 15-30 days ☐ 30+ days

12. When you receive an authorization, how long before the merchandise is shipped?
N/A

4. What is your return, cancellation, or refund policy?
See The Joint Member Contract_____

13. List the name(s) and address(es) of vendor(s) from whom the product is purchased: N/A _____

5. What percentage of your business is:
_____% Deposits / Future Services? _____100_% Cash & Carry?

14. What shipping service do you use to deliver products to consumers?
☐ Fed Ex ☐ UPS ☐ Airborne ☐ USPS Express

6. In what geographic areas will the product be marketed and sold?
_____

15. How do you advertise?
☐ Catalog ☐ TV or Radio ☐ Direct Mail/Flyers ☐ Internet

7. What percentage of sales transactions are with international cards? _____%

16. What is your warranty/guaranty? ☐ By Merchant
☐ By Manufacturer Provide description: _____

8. Who owns product? ☒ Merchant ☐ Vendor (Drop Ship Required)

17. Is your business seasonal? Months: N/A _____to _____

9. Are consumers required to provide a deposit?
☒ No ☐ Yes (Percentage: _____%) ☐ Incremental Payments (Percentages_____%_____%_____%_____%)

X. IRS Reporting – Backup Withholding Certifications

LEGAL NAME: *(as it appears on your income tax return)* **FEDERAL TAX ID#:** *(as it appears on your income tax return)*

1. TAXPAYER I.D. NUMBER - The Tax Payer Identification Number shown above (TIN) is my correct taxpayer identification number.
2. BACKUP WITHHOLDING - I am not subject to backup withholding, either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.

☐ Exempt Recipients - I am an exempt recipient under the Internal Revenue Service Regulations.

SIGNATURE: By signing this section, I certify under penalties of perjury the statements in this section are true and accurate and that I am a U.S. citizen or other U.S. person.

Principle #1 Signature	Date
X	

XI. Merchant Acceptance

I. By signing below, I represent that I have read and am authorized to sign and submit this application for the above entity which agrees to be bound by the American Express® Card Acceptance Agreement ("Agreement"), and that all information provided herein is true, complete, and accurate. I authorize Merchants' Choice Payment Solutions and American Express Travel Related Services Company, Inc. ("AEFC") and AEFC's agents and Affiliates to verify the information in this application and receive and exchange information about me personally, including by requesting reports from consumer reporting agencies, and disclose such information to their agent, subcontractors, affiliates and other parties for any purpose permitted by law. I authorize and direct Merchants' Choice Payment Solutions and AEFC and AEFC agents and Affiliates to inform me directly, or through the entity above, of reports about me that they have requested from consumer reporting agencies. Such information will include the name and address of the agency furnishing the report. I also authorize AEFC to use the reports from consumer reporting agencies for marketing and administrative purposes. I understand that upon AEFC's approval of the application, the entity will be provided with the Agreement and materials welcoming it either to AEFC's program for Merchants' Choice Payment Solutions to perform services for AEFC or to AEFC's standard Card acceptance program which has different servicing terms (e.g. different speeds of pay). I understand that if the entity does not qualify for the Merchants' Choice Payment Solutions servicing program that the entity may be enrolled in AEFC's standard Card acceptance program, and the entity may terminate the Agreement. By accepting the American Express Card for the purchase of goods and/or services, or otherwise indicating its intention to be bound, the entity agrees to be bound by the Agreement."

II. Electronic Check Disclosure: I understand that upon approval of the business entity indicated above to accept Electronic Check services, the Terms and Conditions acceptance will be sent to such business entity along with a Welcome Letter. By signing below, I agree to be bound by these Terms and Conditions which are also available at www.mcshi.com.

III. This Merchant Payment Card Agreement contains seven (7) pages including detailed Terms and Conditions ("Terms and Conditions") , one (1) additional page for Lease Terms and Conditions (on page 8) when leasing equipment through FDIC, and two (2) additional pages for Electronic Check Terms and Conditions (on page 9 and 10) when applying for Electronic Check services. Each person signing below certifies that all information provided in this application is true, correct, and complete, and each person agrees to be bound by all provisions set forth in this seven (7) page document (and any additional pages when Leasing through FDIC or when applying for Electronic Check services, including but not limited to the Terms and Conditions stated in the front and back of this Agreement. Each person authorizes the Bank or any credit reporting agency employed by the Bank or any agent of the Bank, to make whatever inquiries the Bank deems appropriate to investigate, verify or research references, statements or data obtained from Merchant for the purpose of this application or any application for accompanying POS terminal(s) or equipment financing. An additional copy of the Terms and Conditions will be sent to the business entity indicated above along with the welcome letter upon approval of such business entity to accept payment cards by Woodforest National Bank. Monthly statements shall also be sent to the address provided. MERCHANT agrees to promptly notify BANK in the event the Terms and Conditions, the Welcome Letter or any monthly statement is not received. For detailed information related to the termination rights and obligations set forth in this Agreement, see Sections 3.14, 3.15, 3.17, 3.24, 3.27, 3.30, 3.35, 7.2, 7.3, Section 8 in its entirety, 10.12, and 10.16. The Terms and Conditions are also available online at http://www.mcpscorp.com/MerchantBankcard/.

Print Principle #1 Name	Title	Principle #1 Signature	Date
		X	
Print Principle #2 Name	**Title**	**Principle #2 Signature**	**Date**
		X	

IV. Personal Guaranty. The undersigned Guarantor(s) hereby, individually, agree to the terms set forth in section 2.05 of this Agreement. The undersigned Guarantors further agree to pay to the BANK all expenses (including attorney fees and court costs) paid or incurred by the BANK in collecting such obligations and in enforcing this Guaranty.

Guarantor Name	Guarantor Signature	Date
	X	

XII. Bank Acceptance – INTERNAL USE ONLY : Woodforest National Bank Principal Signature: X Date

MERCHANT PAYMENT CARD APPLICATION - TERMS & CONDITIONS

THIS AGREEMENT is made by and between WOODFOREST NATIONAL BANK ("BANK"), a National Banking Association, and the undersigned "MERCHANT" and is subject to the approval of BANK. The parties hereto agree as follows:

1.0 AGREEMENT:

1.1 This document, as well as other documents executed by MERCHANT, pursuant to the acceptance of BANK, shall be incorporated herein and made a part hereof and shall constitute the entire agreement between BANK and MERCHANT.

1.2 MERCHANT agrees that throughout the term of this Agreement, it will not use the services of any bank, corporation, entity or any person other than BANK for the processing of payment card transactions with the following exception:

1.3 MERCHANT may designate a third party that does not have a direct agreement with BANK as its agent for the direct delivery of data captured that transactions to Visa/MC for clearing and settlement. MERCHANT must:

a) Advise BANK that it will use a third party agent.

b) Agree that BANK must reimburse MERCHANT only for the amount of due transactions delivered by BANK to Visa/MC, less the appropriate discount fee.

c) Assume responsibility for any failure by its agent to comply with the Visa International Operating Regulations, including but not limited to, any violation resulting in a chargeback.

1.4 MERCHANT acknowledges that BANK may provide financial transaction processing hereunder through contracts or subcontracts with third parties engaged in the business of transaction processing and authorization.

1.5 BANK hereby notifies MERCHANT that the following options are available hereunder: (i) MERCHANT may elect to accept ONLY consumer credit and commercial cards; (ii) MERCHANT may elect to accept ONLY consumer debit cards; OR (iii) MERCHANT may elect to accept consumer credit and commercial cards and consumer debit cards.

2.0 Rights, Duties, and Responsibilities of Merchant:

2.1 MERCHANT shall honor all cards provided:

(a) The card is valid and is presented to MERCHANT at the time of the sale by the authorized cardholder or an authorized user of the card account. A card is valid only if it is presented on or after the valid date, if any, and before the expiration date shown on its face.

(b) The card is used as payment for products which are sold or rendered by MERCHANT under this Agreement.

(c) The MERCHANT has followed procedures as established by BANK for completion of sales drafts.

2.2 MERCHANT agrees to complete sales drafts in conformity with the terms of this Agreement, non-payment card's Rules and Regulations, the Card Association's Rules and Regulations, Discover® Network Operating Regulations, and additionally must comply with the following:

(a) For transactions that are not mail, phone orders or internet orders, unless electronically swiped, the imprint of the card, including the name of the cardholder, the cardholder account number and the card's expiration date;

(b) MERCHANT is not authorized to accept mail or phone order transactions unless specifically authorized by BANK and that acceptance of such transactions without written authorization from BANK will constitute a breach of this Agreement. If MERCHANT is authorized to accept mail or phone order transactions, the name of the cardholder, the cardholder account number and the expiration date;

(c) The signature of the cardholder or authorized card user. In the case of mail or phone orders, the letters MO or TO, as the case may be, shall be clearly indicated on the sales draft;

(d) The date of the sale;

(e) A short description of the products sold or rendered;

(f) The total cash price of the sale or the words "deposit" or "balance" if full payment is to be made in this manner at different times on different sales drafts; and

(g) The city and state where in such transaction occurred.

(h) Type of fuel sold and odometer reading (if permitted by POS device) in the case of fleet card transactions

(i) MERCHANT shall deliver a completed copy of the sales draft to the cardholder.

2.3 MERCHANT'S policy for the exchange or return of goods sold and the adjustment for services rendered shall be established and posted in accordance with operating regulations of the applicable Card Associations' or non-payment card's Rules and Regulations, and/or Discover Network Operating Regulations. MERCHANT agrees to disclose, if applicable, to a cardholder before a card sale is made, that if merchandise is returned:

(a) No refund, or less than full refund, will be given;

(b) Returned merchandise will only be exchanged for similar merchandise of comparable value;

(c) Only a credit toward purchases will be given; or

(d) Special conditions or circumstances apply to the sale (e.g. late delivery, delivery charges, or other nonrefundable terms). If MERCHANT does not make these disclosures, a full refund in the form of a credit to the cardholder's card account must be given. MERCHANT shall under no circumstances issue cash for returns of products where products were originally purchased in a card transaction. Disclosures must be made on all copies of sales drafts or invoices in letters approximately 1/4 inch high in close proximity to the space provided for the cardholder's signature or on an invoice issued at the time of the sale or on an invoice being presented for the cardholder's signature.

2.4 MERCHANT may not process for payment any transaction(s) representing the refinancing of an existing obligation of a cardholder including, but not limited to, obligations (i) previously owed to MERCHANT, (ii) arising from the dishonor of a cardholder's personal check, and/or (iii) representing the collection of any other pre-existing indebtedness.

2.5 MERCHANT must not disclose a cardholder account number, personal information, or other transaction information to third parties other than to MERCHANT'S agent, BANK, or BANK'S agent for the sole purpose of assisting MERCHANT in completing the transaction or as required by law. MERCHANT must store all material containing cardholder account numbers or imprints in an area limited to selected personnel and render all data unreadable prior to discarding. MERCHANT must not retain or store magnetic-stripe data or verification data subsequent to authorization of a transaction.

2.6 MERCHANT shall not require any cardholder to pay any part of any discount or charge imposed upon MERCHANT by this Agreement, whether through any increase in price or otherwise. MERCHANT shall not require a customer presenting a card for payment to pay any charge not also required from a person paying cash. These terms shall not, however, be construed as prohibiting discounts to customers for payments in cash.

2.7 MERCHANT agrees to obtain an authorization on all transactions. Any transaction which cannot be authorized electronically through a terminal is subject to a voice authorization charge. MERCHANT will obtain an authorization prior to completing a keyed transaction. Any transaction which is not properly authorized is made with full recourse and may be charged back to MERCHANT; furthermore, any keyed transaction will be subject to additional charges for a non-qualifying transaction. MERCHANT understands that an authorization does not constitute a guarantee of payment, only available credit and may be subject to dispute or chargeback. By signing this Agreement, Merchant agrees that the use of a "store & forward" terminal means that Merchant has the ability to store a swiped transaction at the terminal level when there is no phone line available. When a phone line becomes available, Merchant would then upload the transaction for a possible approval. Merchant understands and agrees that if Merchant uses this type of terminal, there is no guaranty whatsoever that once the transactions are uploaded Merchant will receive an approval. If Merchant allows the release of merchandise/service to the cardholder before receiving approval, Merchant agrees that this is to be done at Merchant's sole risk.

2.8 MERCHANT shall not complete any card sale for which an authorization has been declined. Any unauthorized card transaction is made with full recourse to MERCHANT, and BANK may charge back the amount of such card sale to MERCHANT.

2.9 MERCHANT acknowledges that BANK shall have full recourse to charge back the amount of a card sale for which (i) the imprint of the card is not obtained or (ii) the signature of the cardholder is not obtained and the cardholder disputes that he/she authorized the charge.

2.10 MERCHANT agrees to electronically deposit sales drafts and credit vouchers no later than the business day following the transaction date.

2.11 (a) MERCHANT shall, at all times, maintain an account at a bank that is a member of the Federal Reserve ACH System ("the Account"). All credits for collected funds and debits for fees, payments and chargebacks under the terms of this Agreement shall be made to the Account. MERCHANT may not close or change the Account without written notice to BANK. MERCHANT will be solely liable for all fees and costs associated with the Account and for all overdrafts. MERCHANT will maintain sufficient funds in the Account to accommodate all transactions, including fees, contemplated by this Agreement.

(b) MERCHANT shall promptly upon receipt, examine, balance, and reconcile all statements relating to the Account. Additionally, MERCHANT shall daily balance and reconcile all DAILY deposit and debit totals to confirm accuracy. MERCHANT is required to notify BANK IN WRITING of any and all errors on MERCHANT'S statements and/or DAILY totals. Each such written notice shall contain the following information: (i) MERCHANT name and account number; (ii) the specific dollar amount of the asserted error; (iii) a detailed description of the asserted error, and (iv) a detailed explanation of why MERCHANT believes an error exists and the cause of the error, if known. The written notice MUST be RECEIVED by BANK within thirty (30) days after MERCHANT receives the statement (regarding an asserted error on a statement) or within thirty (30) days from the date the alleged error on a DAILY total was made. Failure to timely send the notice referred to herein constitutes a waiver of any and all rights MERCHANT may have against BANK related to the asserted error.

(c) MERCHANT agrees to fees of up to $3.0 per occurrence for maintenance activities including but not limited to: EOA charges and returned mail.

2.12 MERCHANT assumes the responsibility for storage of all sales drafts and credit vouchers. Failure to provide BANK with requested documentation within five (5) business days after receipt of such request may result in the transaction being charged back to MERCHANT, and BANK shall have the right to debit the Account for full amount of the transaction in question.

2.13 MERCHANT shall pay any fees charged to MERCHANT by the telephone company for the preparation of the site(s) prior to installation of electronic data capture terminals and/or peripheral equipment.

2.14 MERCHANT shall not deposit any transaction for the purpose of obtaining or providing a cash advance. MERCHANT agrees that any such deposit shall be grounds for immediate termination.

2.15 MERCHANT must notify BANK in writing of any changes to the information in this Application, including but not limited to:

(a) Transfer or sale of any substantial part of its total assets, or liquidate;

(b) Change the basic nature of its business, including selling any products or services not related to its current business;

(c) Change ownership or transfer control of its business; or

(d) Enter into any joint venture, partnership or similar business arrangement whereby any person or entity not a party to this Agreement assumes any interest in MERCHANT'S business. The notice must be received by BANK within ten (10) business days of the change. MERCHANT will provide updated information to BANK within a reasonable time upon request. Failure to provide notice as required above may be deemed as material breach and shall be sufficient grounds for immediate termination of MERCHANT. In the event any of the changes listed above should occur, BANK shall have the option to renegotiate the terms of this Agreement or provide thirty (30) days notice of termination. MERCHANT is liable to BANK for all losses and expenses incurred by BANK arising out of a failure to report changes to BANK.

2.16 MERCHANT is liable for repayment to BANK for all valid chargebacks. BANK will comply with non-payment card's, Card Associations' prevailing Rules and Regulations, and/or Discover Network Operating Regulations in processing any chargebacks which result from cardholder disputes. However, all disputes which are not or cannot be resolved through established chargeback procedures shall be settled between MERCHANT and the cardholder, and MERCHANT will indemnify BANK and will provide reimbursement for all expenses, including reasonable attorney's costs, which it may incur as the result of any cardholder claim which is pursued outside the non-payment card's or Card Association's Rules and Regulations and/or Discover Network Operating Regulations. In the event of a chargeback loss to BANK, MERCHANT hereby transfers and assigns to BANK any lien rights that it has or may have on the merchandise sold to the cardholder.

2.17 MERCHANT shall not accept or deposit any fraudulent transactions and may not under any circumstances present for processing or credit, directly or indirectly, a transaction which originated with any other merchant or any other source. MERCHANT shall be prohibited from making a deposit of a credit transaction without a preceding debit. MERCHANT shall not, under any circumstances, deposit interchanging transactions under this Agreement unless authorized by BANK in advance of processing any interchanging transactions. If MERCHANT deposits any such transaction, MERCHANT may be immediately terminated and BANK may hold funds and/or demand an escrow pursuant to Sections 4 and 8; further, MERCHANT may be subject to VISA, MasterCard, and Discover Network reporting requirements set forth in Section 8.8.

2.18 MERCHANT will not deposit duplicate transactions. MERCHANT shall be debited for any adjustments for duplicate transactions and shall be liable for any chargebacks which may result therefrom. Merchant will be liable for any fees assessed by the Card Associations' Rules and Regulations and/or Discover Network Operating Regulations to the BANK.

2.19 MERCHANT shall not initiate a sales transaction in an attempt to collect a chargeback.

2.20 Discount/Fee Schedule:

(a) MERCHANT'S Account will be debited daily, through ACH for amounts set forth in the pricing schedule which is part of this Agreement, and for any other fees or charges incurred by MERCHANT and associated with processing services. MERCHANT is obligated to pay all taxes and other charges imposed by any governmental authority on the services provided under this Agreement. BANK reserves the right, in its sole discretion, to change, amend, add, or adjust any discount rates or fees set forth herein, in accordance with Section 10.6 of this Agreement.

(b) The "Qualified Retail Discount Rate" will be charged on all swiped retail payment card transactions that are electronically authorized and closed in a daily batch. On VISA transactions only, all manually keyed transactions that are closed in a daily batch, have AVS (Address Verification Service), an Order Number and reply to the prompt with "Exact Match" will be charged the "Mid-Qualified Rate." Notwithstanding the foregoing, for any card type in which the Interchange rates (charged by the Card Associations) are higher than the VISA CPS Retail Credit Rate, or the MasterCard Merit III Base Credit Rate, (or renamed versions of the same categories), BANK, in its sole discretion, has the option of charging the "Mid-Qualified Rate" or "Non-Qualified Rate" for that type of transaction. Examples of cards and transactions that would fall into that type of category include but are not limited to VISA Rewards Cards, MasterCard World Cards, VISA Signature Cards, foreign cards, corporate cards, purchase cards, mail/telephone, e-commerce, and T&E.

(c) Increase in long distance communications costs and processing charges from third party vendors may be reflected in increased discount rates.
(d) MERCHANT'S pricing is partially based upon the annual volume, average ticket and method of doing business stated in this MERCHANT Application. If the actual volume and average ticket are not as warranted or if MERCHANT significantly alters its method of doing business, BANK may adjust MERCHANT'S discount and/or transaction fees without prior notice. Merchants using AVS (Address Verification System) will be charged for each address verification request. This is in addition to the transaction fee. In the event of multiple locations, each location shall be considered to have a separate MERCHANT PAYMENT CARD AGREEMENT for all fee purposes. For the purposes of charging Transaction Fees under this Agreement, "transaction" is defined as any action by a merchant that results in activity to a cardholder or merchant account, including authorizations, batch closings, sales, or returns.

2.21 MERCHANT will be assessed a fee of $35.00 for each return ACH debit.

2.22 MERCHANT will be assessed a merchant investigation fee for suspicious activity and/or Agreement deviations up to a maximum of ten percent (10%) of the dollar amount investigated.

2.23 A client fee of $25.00 per month will be charged for a special account maintained at BANK to house diverted funds for MERCHANT.

2.24 MERCHANT agrees that Excessive Activity during any monthly period will be a breach of this Agreement and cause of immediate termination. Excessive Activities include i) chargebacks in excess of one percent (1%) of the sales transactions processed, ii) sales activity that exceeds by 25% the dollar volume indicated on the Application, iii) the dollar amount of returns exceeds 20% of the average monthly dollar amount of MERCHANT's card transactions, iv) other ratios required by VISA, MasterCard, Discover Network, or BANK. BANK will provide MERCHANT with any information possessed by BANK which may enable MERCHANT to recover from others the amount of any sale charged back to MERCHANT. MERCHANT understands that BANK will assess a fee per chargeback per occurrence and a fee for each retrieval and each representment request.

2.25 Any transaction that has not received an authorization, or that is deposited (transmitted) more than two (2), but not greater than thirty (30), business days following the transaction date, or that is made with a foreign card will be subject to a non-qualified increase. NOTE: Days allowed for settlements are calculated by excluding the transaction date, Sundays and holidays and including the processing (settlement) date.

2.26 MERCHANT will use its reasonable, best efforts to recover any card: (i) on VISA cards, if the printed four digits above the embossed account number do not match the first four digits of the embossed account number; (ii) if MERCHANT is advised by BANK (or its designee), the issuer of the card or the designated voice authorization center to retain it; (iii) if MERCHANT has reasonable grounds to believe the card is counterfeit, fraudulent or stolen, or not authorized by the cardholder; (iv) on Discover Network cards, if the printed four digits on the signature panel do not match the last four digits of the embossed account number, or if the card does not have the Discover Network acceptance mark in the lower right corner on both sides of the card, or (v) for MasterCard, the embossed account number, indent printed account number and/or encoded account number do not agree, or the card does not have a MasterCard hologram on the lower right corner of the card face.

2.27 ELECTRONIC COMMERCE

(a) MERCHANT may process electronic commerce ("EC") transactions only if it has so indicated in this Agreement and only if MERCHANT has obtained BANK'S consent, and only if the transactions have been encrypted by a third party vendor acceptable to BANK. If MERCHANT submits EC transaction(s) without BANK'S consent, BANK may immediately terminate this Agreement. All transactions must comply with data security requirements as described in the Data Security Section of the Merchant Payment Card Application. MERCHANT understands that transactions processed via EC are high risk and subject to a higher incidence of chargebacks. MERCHANT is liable for all chargebacks and losses related to EC transactions, whether or not: i) EC transactions have been encrypted; and ii) MERCHANT has obtained BANK'S consent to engage in such transactions. Encryption is not a guarantee of payment and will not waive any provision of this Agreement or otherwise validate a fraudulent transaction. All communication costs related to EC transactions are MERCHANT'S responsibility. MERCHANT understands that BANK will not manage the EC telecommunications link and that it is MERCHANT'S responsibility to manage that link. All EC transactions will be settled by BANK into a depository institution in the United States in U.S. currency.

(b) Whereas, MERCHANT desires to honor at its business location(s) Card Numbers presented in connection with the Mail/Telephone/Internet sale of products/services to customers the parties hereto agree to the following: i) MERCHANT agrees to use and retain proof of a traceable delivery system as means of shipment of product to customer. ii) MERCHANT agrees that transactions will not be processed until products are shipped to the cardholder. For goods to be shipped on EC transactions, MERCHANT may obtain authorization up to seven (7) calendar days prior to shipment date. MERCHANT need not obtain a second authorization if the sales draft amount is within fifteen percent (15%) of the authorized amount, provided that the additional amount represents shipping costs. Further, MERCHANT'S website must contain all of the following information: i) complete description of the goods or services offered, ii) returned merchandise and refund policy, iii) customer service contact, including electronic mail address and/or telephone number, iv) transaction currency (such as U.S. or Canadian dollars), v) export or legal restrictions, if known, and vi) delivery policy.

(c) MERCHANT'S engaging in EC agree to provide a detailed business description to BANK.

2.28 MERCHANT warrants and agrees that MERCHANT shall fully comply with all federal, state, and local laws, rules and regulations, as amended from time to time, including the Federal Truth in Lending Act, Regulation E, and Regulation Z of the Board of Governors of the Federal Reserve System.

2.29 This Agreement shall be effective only upon acceptance by BANK.

2.30 MERCHANT agrees to pay, in addition to any and all other fees referred to herein, a non-refundable annual customer service fee per year per location. This fee shall be generated and charged any time within one year from the date of this Agreement. The actual date of the initial charge (within said first year) shall be at the sole discretion of BANK. The fee shall be debited from the Account for the initial year and on the anniversary date (of the initial charge) for each year thereafter that the Account is in force. In the event this Agreement is terminated, for any reason, no portion of a charged annual customer service fee shall be rebated to MERCHANT.

2.31 MERCHANT agrees that in the event MERCHANT fails to pay BANK on a chargeback loss, MERCHANT hereby assigns any rights it may have against the cardholder (related to said chargeback loss) to BANK.

2.32 MERCHANT must not deposit a transaction receipt until it does one of the following:

a) Completes the transaction,
b) Ships or provides the goods, except as specified in the Delayed Delivery Transactions section of the Visa International Operating Regulations,
c) Performs the purchase service, or obtains the cardholder's consent for a recurring transaction.

2.33 MERCHANT will not present any sales draft or other memorandum to BANK for processing (whether by electronic means or otherwise) which relate to the sale of goods or services for future delivery without BANK'S prior written authorization. If BANK has previously given such consent, MERCHANT represents and warrants to BANK that you will not rely on any proceeds or credit resulting from such transactions to purchase or furnish goods or services. MERCHANT will maintain sufficient working capital to provide for the delivery of goods or services at the agreed upon future date, independent of any credit or proceeds resulting from sales drafts or other memoranda taken in connection with future delivery transactions.

2.34 All disputes between MERCHANT and any cardholder relating to any card transaction will be settled between MERCHANT and the cardholder. BANK bears no responsibility for such transactions.

2.35 As a primary inducement for BANK to enter into this Agreement, the Guarantor(s) indicated on this Application, by signing this Application, jointly and severally, unconditionally and irrevocably, guarantee the continuing full and faithful performance and payment by MERCHANT of each of its duties and obligations to BANK pursuant to this Agreement, as it now exists or amended from time to time, with or without notice. Guarantor(s) understands further that BANK may proceed directly against Guarantor(s) without first exhausting its remedies against any other person or entity responsible therefore to it or any security held by BANK or MERCHANT. Guarantor(s) authorizes BANK to debit via ACH from any account singly or jointly held by Guarantor(s) at any financial institution in the amount of any amount owed by Guarantor(s) under this Agreement. This ACH authorization will remain in effect after termination of this Agreement, and until BANK has received written notice terminating this authorization and all Guarantor(s) obligations to BANK have been paid in full. Guarantor(s) will indemnify and hold BANK harmless for any action they take pursuant to this Section. Guarantor(s) will also indemnify and hold harmless any other financial institution for acting in accordance with any instructions from BANK pursuant to this Section. This guarantee will not be discharged or affected by the death of the Guarantors, will bind all heirs, administrators, representatives and assigns and may be enforced by or for the benefit of any successor of BANK. Guarantor(s) understand that the inducement to BANK to enter into this Agreement is consideration for the guaranty and that this guaranty remains in full force and effect even if the Guarantor(s) receives no additional benefit from the guaranty.

2.36 MERCHANT must not establish a minimum or maximum dollar amount as a condition of honoring a VISA, MasterCard, or Discover Network transaction.

2.37 Legislation has passed ("Truncation Laws") requiring merchants to suppress all but the last five digits from the cardholder's account number, as well as the expiration date. MERCHANT is responsible for compliance. Although federal law is in place regarding this issue, specific statutes may have more strict deadlines and requirements. MERCHANT is required to check its specific state law to be sure that MERCHANT is in compliance.

2.38 In accordance with the requirements of the Unlawful Internet Gambling Enforcement Act of 2006 and Regulation GG, MERCHANT understands that restricted transactions are prohibited from being processed through the Merchant Account or relationship with BANK. Restricted transactions are transactions in which a person accepts credits, funds, instruments, or other proceeds from another person in connection with unlawful Internet gambling. By signing this agreement, MERCHANT certifies that its business does not engage in Internet gambling. MERCHANT agrees that it will notify BANK in the event of any change in circumstance.

2.39 MERCHANT agrees to identify all third party agents involved in the payment process that may have access to cardholder data.
2.40 MERCHANT agrees to provide BANK with previous processor statements as requested.
2.41 MERCHANT agrees not to deposit a transaction receipt that it knows or should have known to be either fraudulent or not authorized by the cardholder.
2.42 MERCHANT agrees that MERCHANT shall be solely responsible for its employees' actions while in MERCHANT'S employ.
2.43 MERCHANT agrees that it shall not require a cardholder to complete a postcard or similar device that includes the cardholder's account number, card expiration date, signature, or any other card account data in plain view when mailed.
2.44 MERCHANT agrees that it shall not request or use an account number for any purpose other than as payment for its goods or services.
2.45 MERCHANT agrees that it shall not add any tax to transactions, unless applicable law expressly requires that a MERCHANT be permitted to impose a tax.
2.46 MERCHANT agrees that it shall not disburse funds in the form of travelers cheques if the sole purpose is to allow the cardholder to make a cash purchase of goods or services from MERCHANT.
2.47 MERCHANT agrees that it shall not disburse funds in the form of cash, unless:
MERCHANT is a Lodging or Cruise Line merchant disbursing cash to a Premium Visa Product cardholder, as specified in Visa International Operating Regulations.
MERCHANT is dispensing funds in the form of travelers cheques, Visa TravelMoney Cards, or foreign currency. In this case, the transaction amount is limited to the values of the travelers cheques, Visa Travel Money Card, or foreign currency plus any commission or fee charged by the merchant, or
MERCHANT is participating in the Visa Cash Back Service, as specified in Visa International Operating Regulations.
2.48 MERCHANT agrees that it shall not accept a range of Visa cards for various purposes (e.g., Scrip, Manual Cash Disbursement).
2.49 Any MERCHANT who relies on fulfillment houses must submit information to BANK about the fulfillment house, and steps for the underwriter to contact the fulfillment house to determine its financial capacity to support the MERCHANT.
2.50 BANK may immediately terminate MERCHANT for any significant circumstance that create harm or loss to the goodwill of the Visa system.
2.51 MERCHANT agrees, if undergoing a forensic investigation at the time the Merchant Agreement is signed, to fully cooperate with the investigation until completed.
2.52 MERCHANT agrees to abide by transaction deposit restrictions, as specified in the Visa International Operating Regulations.
2.53 MERCHANT agrees to abide by transaction processing prohibitions, as specified in the Merchant Prohibitions section of the Visa International Operating Regulations.
2.54 MERCHANT agrees that it shall not deposit a transaction receipt that does not result from an act between the cardholder and the merchant or the cardholder and its sponsored merchant (laundering).
2.55 MERCHANT agrees that it shall not violate disclosure of account and Visa transaction information prohibitions, as specified in the Visa International Operating Regulations.
2.56 MERCHANT agrees that it shall be liable for a PCI Compliance Non Validation Fee in the amount of $34.95 per month if it fails to complete the PCI Protection Plan Self Assessment Questionnaire (SAQ) according to required timelines.

5.0 Rights, Duties and Responsibilities of BANK.

5.1 BANK will accept for purchase all sales drafts deposited by MERCHANT that comply with the terms of this Agreement. The electronic submission of sales transactions to BANK through services provided by BANK shall constitute an endorsement by MERCHANT to BANK of the sales drafts representing such transactions. Unless otherwise informed by BANK and provided MERCHANT completes batch operation prior to 9:00pm CST, BANK will pay MERCHANT up to three (3) business days after the date the BANK receives the transaction, the total face amount of each sales draft, less any credit vouchers, discounts, fees or adjustments determined daily or monthly. All payments, credits and charges are subject to audit and final checking by BANK, and prompt adjustments shall be made for inaccuracies discovered.

5.2 Notwithstanding any other provisions of this Agreement, BANK may refuse to accept any sales draft, or revoke its prior acceptance, in any of the following circumstances:

(a) the sale giving rise to such sales draft was not made in compliance with all the terms and conditions of this Agreement including Card Associations' Rules and Regulations, Discover Network Operating Regulations, as well as applicable laws and regulations of any governmental authority; or

(b) The cardholder disputes his/her liability on any of the following grounds: (i) that the products covered by such sales drafts were returned, rejected or defective in some respect or MERCHANT failed to perform any obligation on its part in connection with such products, and MERCHANT has refused to issue a credit voucher in the proper amount; (ii) MERCHANT has failed to obtain a signature on the sales draft and the cardholder claims he/she did not authorize the transaction. In the event of a revocation of a prior acceptance of a sales draft, BANK may withdraw from the Account any amount previously paid to MERCHANT for such sales draft.

5.3 BANK will provide electronic data capture, monthly activity statement, and will assign customer service phone numbers which will accept all customer service calls and other communications from MERCHANT relating to the services provided under this Agreement including, but not limited to, disbursement of funds, account charges, monthly statements and chargebacks.

5.4 BANK will process all requests for drafts and chargebacks from card issuers and will provide MERCHANT with timely notice of requests and chargebacks for documentation.

5.5 BANK will provide, at MERCHANT'S option, a 24 hour toll-free help line for servicing of peripheral equipment which shall include repair and reprogramming of equipment leased, rented or purchased from other vendors.

5.6 Use of Independent Sales Offices. MERCHANT acknowledges that BANK may have been referred to MERCHANT through an independent sales office operating under applicable VISA, MasterCard, and Discover Network rules and regulations. The independent sales office is an independent contractor and has no authority to alter the terms of this Agreement without BANK'S prior written approval.

5.7 MERCHANT authorizes BANK to control and disburse all appropriate settlement funds to the merchant.

4.0 Account Monitoring.

4.1 MERCHANT acknowledges that BANK will monitor MERCHANT'S daily deposit activity. MERCHANT agrees that BANK may, upon reasonable grounds, divert the disbursement of MERCHANT'S funds from any account MERCHANT has in ANY financial institution for any reasonable period of time required to investigate suspicious or unusual deposit activity. BANK will make good faith efforts to notify MERCHANT immediately. BANK shall have no liability for any losses, either direct or indirect, which MERCHANT may attribute to any diversion of funds disbursement. Any funds diverted shall be deposited immediately into a non-interest bearing account at BANK, and not be released until such time that questionable/suspect/fraudulent transactions have been resolved to the BANK'S satisfaction.

4.2 Agents of BANK are not permitted to directly access or hold merchant funds whether from settlement or reserves.

5.0 Warranties; Disclaimer of Warranties.

5.1 MERCHANT unconditionally represents and warrants to BANK that all sales drafts submitted to BANK hereunder will represent the indebtedness of cardholder with whom MERCHANT has completed a sales transaction in amounts set forth therein for products only, shall not involve any element of credit for any other purposes and shall not be subject to any defense, dispute, offset or counterclaim which may be raised by a cardholder under the Card Associations' Rules and Regulations, Discover Network Operating Regulations, or the Consumer Credit Protection Act (15 USC 1601) or other relevant state or federal statutes or regulations. Further, MERCHANT warrants that any credit voucher which it issues represents a bonafide refund or adjustment on a card sale by MERCHANT with respect to which a sales draft has been accepted by the BANK.

6.0 Limitations of Liability; Indemnification; Due Care.

6.1 BANK shall have no liability for any negligent design or manufacture of any point-of-sale terminal, printer, or other equipment used by MERCHANT for the acceptance of credit card transactions. BANK MAKES NO WARRANTIES WHATSOEVER, EXPRESSED OR IMPLIED, CONCERNING ANY EQUIPMENT, OR OTHER SERVICE PROVIDED BY OTHERS AND, IN PARTICULAR, MAKES NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURCHASE. Should MERCHANT fail to pay for any amounts due to their ISO/MSP, MERCHANT grants to BANK the right to set-off against MERCHANTS deposit account in order to allow BANK to collect any and all equipment payments not made by MERCHANT.

6.2 MERCHANT shall indemnify and hold BANK harmless from all liability, loss and damage, including reasonable attorney's fee and costs which may arise as a result, whether direct or indirect, of any act or failure to act or the breach of any warranty by MERCHANT pursuant to the terms of this Agreement, the Card Associations' Rules and Regulations, and Discover Network Operating Regulations. In the event any Card Association, Discover Network, or other entity assesses a fine to BANK due to the direct or indirect actions of MERCHANT, MERCHANT shall reimburse BANK the amount of the fine.

6.3 BANK will use due care in providing services covered by this Agreement and the performance of all services called for in this Agreement shall be consistent with industry standards. The liability, if any, of BANK under this Agreement for any claims, costs, damages, losses and expenses for which it is or may be legally liable, whether arising in negligence or other tort, contract, or otherwise, will not exceed in the aggregate the amount of fees paid by MERCHANT, less interchange and assessments, over the previous twelve (12) month period, calculated from the date the liability accrued. In no event will BANK or its agents, officers, directors or employees be liable for indirect, special, or consequential damages.

7.0 Display of Materials; Trademarks.

7.1 MERCHANT agrees to prominently display the promotional materials provided by BANK in its place(s) of business. Use of promotional materials and use of any trade name, trademark, service mark or logo type ("Mark") associated with Card(s) shall be limited to informing the public that card(s) will be accepted at MERCHANT'S place(s) of business. MERCHANT'S use of promotional materials and marks is subject to the direction of BANK.

7.2 MERCHANT may use promotional materials and marks during the term of the Agreement and shall immediately cease use and return any inventory to BANK upon any termination thereof.

7.3 MERCHANT shall not use any promotional material or marks associated with VISA, MasterCard or Discover Network in any way which suggests or implies that either endorses any goods or services other than payment card services. Further, MERCHANT may be subject to immediate termination if deemed to be creating harm or loss to the goodwill of VISA, MasterCard, Discover Network, or BANK.

7.4 Discover Network Program Marks. MERCHANT is prohibited from using the Program Marks, as defined below, other than as expressly authorized in writing by BANK. Program Marks mean the brands, emblems, trademarks, and/or logos that identify the Discover Network Cards. Additionally, MERCHANT shall not use the Program Marks other than to display decals, signage, advertising, and other forms depicting the Program Marks that are provided to MERCHANT by BANK or otherwise approved in advance in writing by BANK. MERCHANT may use the Program Marks only to promote the services covered by the Program Marks by using them on decals, indoor and outdoor signs, websites, advertising materials and marketing materials; provided that all such uses by MERCHANT are approved in advance by BANK in writing. MERCHANT shall not use the Program Marks in such a way that customers could believe that the products or services offered by MERCHANT are sponsored or guaranteed by the owners of the Program Marks. MERCHANT recognizes that it has no ownership rights in the Program Marks. MERCHANT shall not assign to any third party any of the rights to use the Program Marks.

8.0 Term; Termination.

8.1 This Agreement shall become effective upon acceptance by BANK and shall continue in full force and effect for a term of Five (5) years therefrom. At the end of the initial five (5) year term and at the end of every renewal term thereafter, the Agreement will automatically renew for additional five (5) year periods, unless terminated by any party upon written notice at least thirty (30) days prior to the end of the then existing term or twenty (20) days as per the Voyager Merchant Agreement. In the event MERCHANT terminates this Agreement prior to the maturity date of the then existing term, MERCHANT SHALL be liable to BANK for an early termination fee equal to the greater of (i) $495.00 per location; or (ii) an amount equal to the average monthly charges, including but not limited to all card and miscellaneous fees, on MERCHANT statements (for months during which MERCHANT processed any transactions) multiplied by the number of months remaining on the term thereof.

8.2 This Agreement may be immediately terminated by BANK for the following reasons:

(a) Reasonable belief that MERCHANT is employed in practices that involve elements of fraud or conduct deemed to be injurious to cardholders;

(b) Reasonable belief that MERCHANT will constitute a risk to BANK by failing to meet the terms of this Agreement;

(c) Issuing cash advances as set forth in Section 2.1A; or

(d) MERCHANT appears on any Card Association's and/or Discover Network's security reporting.

(e) MERCHANT fails to comply with Payment Card Industry Security Standards as outlined in the Data Security Section of Merchant Payment Card Application.

8.3 In the event this Agreement is terminated prior to the expiration date for any of the reasons set forth in Section 8.2 and when permitted by state law, MERCHANT SHALL be liable to BANK for an early termination fee equal to the greater of (i) $495.00 per location; or (ii) an amount equal to the average monthly charges, including but not limited to all card and miscellaneous fees, on MERCHANT statements multiplied by the number of months remaining on the term thereof.

8.4 BANK may terminate this Agreement immediately and without cause upon providing MERCHANT with written notice of such termination.

8.5 In the event of termination whether with or without cause, MERCHANT expressly authorizes BANK to withhold and discontinue the disbursement of all cards and other payment transactions of MERCHANT in process of being collected and deposited. Collected funds may be placed in an escrow account at BANK until MERCHANT pays any outstanding charges or losses. Further, BANK reserves the right to require MERCHANT to deposit additional amounts, based upon MERCHANT'S processing history and /or anticipated risk of loss to BANK, into an escrow account. BANK shall be granted a continuing security interest in funds held pursuant to this Section. Said escrow account shall be maintained for a minimum of one hundred eighty (180) days after the termination date and for any reasonable period thereafter, during which cardholder disputes may remain valid under the card plans. Any balance remaining after chargeback rights have expired will be disbursed to MERCHANT.

8.6 Security Interests. This Agreement will constitute a Security Agreement under the Uniform Commercial Code. MERCHANT grants to BANK a security interest in and lien upon: (i) all funds at any time in the Account (ii) all funds in diverted account (see Section 4.0), (iii) the Reserve Account (as defined below), (iv) future sales drafts, (v) all rights relating to this Agreement including, without limitation, all rights to receive any payments or credits under this Agreement and (vi) any other account MERCHANT has in any financial institution, (collectively, the "Secured Assets"). Upon request of BANK, MERCHANT will execute one or more financing statements or other documents to evidence and perfect this security interest. MERCHANT represents and warrants that no other party has a security interest in the Secured Assets. These security interest and liens will secure all of MERCHANT'S obligations under this Agreement and any other agreements between MERCHANT and BANK including, but not limited to, MERCHANT'S obligation to pay any amounts due and owing to BANK. With respect to such security interests and liens, BANK will have all rights afforded under the Uniform Commercial Code, any other applicable law and in equity. MERCHANT will obtain from BANK written consent prior to granting a security interest of any kind in the Secured Assets to a third party. Merchant represents and warrants that no other person or entity has a security interest in any property in which you have granted BANK a security interest hereunder. MERCHANT agrees that this is a contract of recoupment and BANK is not required to file a motion for relief from a bankruptcy action automatic stay to realize on any of the Secured Assets. Nevertheless, MERCHANT agrees not to contest or object to any motion for relief from the automatic stay filed by BANK. MERCHANT hereby grants BANK the right to offset by ACH any account MERCHANT has in ANY financial institution in order to collect any amount due from MERCHANT to BANK pursuant to this Agreement.

8.7 Reserve Account. (i) Establishment. Upon termination of this Agreement or upon BANK'S request and within BANK'S sole discretion, MERCHANT will establish and maintain a deposit ("Reserve Account") at BANK in an amount reasonably determined by BANK necessary to protect BANK'S interests under this Agreement. (ii) Funding. BANK has the right to debit the Account to establish or maintain funds in the Reserve Account. BANK may deposit into the Reserve Account funds it would otherwise be obligated to pay MERCHANT, for the purpose of establishing or maintaining the Reserve Account in accordance with this Section. If it determines such action is reasonably necessary to protect its interests. (iii) Funds in no event will MERCHANT be entitled to return of Reserve Account funds before two hundred seventy (270) days following the effective date of termination of this Agreement, provided however, that MERCHANT will remain liable to BANK for all liabilities occurring beyond such two hundred seventy (270) day period. BANK will have sole control of the Reserve Account. In the event of a bankruptcy proceeding and the determination by the court that this Agreement is assumable under Bankruptcy Code Section 365, as amended from time to time, MERCHANT must establish or maintain a Reserve Account in an amount satisfactory to BANK.

8.8 Recoupment and Set-Off. BANK has the right of recoupment and set-off from the Reserve Account or the Account. This means that it may offset any outstanding/uncollected amounts owed from: (i) any amounts it would otherwise be obligated to deposit into the MERCHANT Account, and (ii) any other amounts MERCHANT may owe BANK under this Agreement or any other agreement. MERCHANT acknowledges that in the event of a bankruptcy proceeding, in order for MERCHANT to provide adequate protection under Bankruptcy Code Section 362 to BANK, MERCHANT must create or maintain the Reserve Account as required by BANK, and BANK will have the right of offset against the Reserve Account for any and all obligations which MERCHANT may owe to BANK, without regard to whether the obligations relate to sales drafts initiated or created before or after the filing of the bankruptcy petition.

8.9 If MERCHANT is terminated for cause, MERCHANT acknowledges that BANK may be required to report MERCHANT'S business name and the names and other identification of its principals to the Combined Terminated Merchant File (MATCH) maintained by VISA, MasterCard, and Discover Network. MERCHANT expressly agrees and consents to such reporting in the event MERCHANT is terminated for any of the reasons specified as cause by VISA, MasterCard, and Discover Network. Furthermore, MERCHANT shall hold harmless BANK for claims which MERCHANT may raise as a result of such reporting.

8.10 Bankruptcy. MERCHANT will immediately notify BANK of any bankruptcy, receivership, insolvency or similar action or proceeding initiated by or against MERCHANT or any of its principals. MERCHANT will include BANK on the list and matrix of creditors as filed with the Bankruptcy Court, whether or not a claim may exist at the time of filing, and failure to do so will be cause for immediate termination or any other action available to BANK under applicable rules or law. MERCHANT acknowledges that this Agreement constitutes an executory contract to make a loan, or extend other debt financing or financial accommodations to or for the benefit of MERCHANT, and, as such, cannot be assumed or assigned in the event of MERCHANT'S bankruptcy.

8.11 In the event MERCHANT receives and accepts a rate reduction or a fee reduction on any rate or fee set forth herein and BANK agrees to said reduction, the Term of this Agreement shall automatically be extended for an additional three (3) years from the date said rate or fee reduction takes effect.

9.0 Notices.

9.1 All notices and other communications required or permitted under this Agreement shall be deemed delivered when mailed first class, postage prepaid, addressed as follows:

(a) Woodforest National Bank, P.O. Box 8030, The Woodlands, TX 77387-8030

(b) If to MERCHANT, to any owner or officer stated in this Agreement at the MERCHANT'S place of business as also stated on this Merchant Application.

10.0 Additional Terms.

10.1 Card Plans. This Agreement is subject to the bylaws and rules promulgated by VISA, MasterCard, Discover Network, or any other card plan. The parties hereto are bound by and shall fully comply with these bylaws and rules and by such amendments or additions as may be made hereto. The parties hereto shall further comply with all Debit/ATM Network rules and regulations.

10.2 Inspection of Books and Records. Representatives of BANK may, during normal business hours, inspect, audit and make records of MERCHANT'S books, accounts, records and files pertaining to any card transactions. During the term hereof, at the request of BANK, MERCHANT shall provide up to two (2) years of current financial statements and other related information that is requested by BANK. MERCHANT will preserve its records of any card sale and any refund or credit adjustment thereon for at least seven (7) years from the date of such sale, credit, refund or adjustment.

10.3 Confidentiality. MERCHANT will not use for its own purposes, will not disclose to any third party, and will retain in strictest confidence all information and data belonging to or relating to the business of BANK (including without limitation the terms of this Agreement), and will safeguard such information and data by using the same degree of care that MERCHANT uses to protect its own confidential information.

10.4 Privacy. Woodforest National Bank complies with the Bank Secrecy Act and the USA Patriot Act to help the government fight the funding of terrorism and money laundering activities. Federal law requires all financials institutions to obtain, verify, and record information that identifies each person who opens an account or becomes a new customer of the financial institution. Our Customer Identification Program is designed to comply with all federal mandates. When MERCHANT opens an account or obtains a service from Woodforest National Bank, BANK will ask for your name, address, date of birth, and other information that will allow BANK to identify MERCHANT. BANK will also be asking MERCHANT to provide identifying documentation, such as driver's license or other forms of identification. BANK can and will refuse to open an account or provide services if adequate identification is not provided, or BANK is dissatisfied with the identification provided. BANK collects non-public personal information about MERCHANT from the following sources: Information received from on applications or other forms; information about transactions with BANK, our affiliates, or others; and information received from consumer reporting agencies. As required by the USA PATRIOT Act, BANK also collects information and takes actions necessary to verify MERCHANT identity. BANK may disclose all the information collected, as described above, to companies that perform marketing services on BANK'S behalf or to other financial institutions with which BANK has joint marketing agreements. BANK does not disclose any non-public personal information about our MERCHANTS to anyone, including our affiliates, except as permitted by law. Internally, BANK restricts access to non-public personal information about MERCHANTS to associates who need to know that information to provide customer support and or to maintain records. BANK'S internal conduct clearly defines the manner in which an associate may access, use, or disseminate non-public information. BANK maintains physical, electronic, and procedural safeguards that comply with federal standards to guard MERCHANT'S non-public personal information. If MERCHANT decides to close account(s) or become an inactive merchant, BANK will adhere to the policies and practices as described in this notice.

10.9 Force Majeure. BANK shall not be liable for any damages resulting from any delay in performance or non-performance caused by circumstances beyond BANK'S control including, but not limited to acts of God, fire, flood, war, governmental action, accident, labor trouble or shortage, or other events of similar effect in connection with BANK'S obligation herein.

10.10 Amendment. MERCHANT acknowledges that the terms set forth herein including but not limited to fees, rates, and charges may be changed by BANK. MERCHANT agrees that any such changes shall be considered accurate and final unless MERCHANT disputes them in writing within 30 days of receipt of documentation showing said changes.

10.11 Section Headings. All section headings contained herein are for descriptive purposes only, and the language of such section shall control.

10.12 Assignability. This Agreement may not be assigned, directly or by operation of law, without the prior written consent of BANK.

10.13 Attorney's Fees and Costs. MERCHANT shall be liable for and indemnify BANK for any and all attorney's fees and other costs and expenses paid or incurred by the BANK in the enforcement hereof, or in collecting any amounts due from MERCHANT to BANK hereunder or resulting from any breach by MERCHANT of any of the terms or conditions of this Agreement.

10.14 Binding Effect; Governing Law; jurisdiction and Venue. Any action or proceeding on this Agreement by or against BANK shall be initiated and maintained under the jurisdiction of the State of Texas with venue in the courts of Harris County, in which case this Agreement shall be construed and governed by the laws of the State of Texas. If any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, the remaining provisions shall remain in effect.

10.15 The rights conferred upon BANK in this Agreement are not intended to be exclusive of each other or of any other rights and remedies. Rather, each and every right of BANK at law or in equity will be cumulative and concurrent and in addition to every other right.

10.16 In the event MERCHANT chooses to participate in the Optional Merchant Club, the following Terms and Conditions shall apply: The term of enrollment is for one (1) year. The term shall be automatically and continually renewed for consecutive one-year terms unless the Merchant or Bank provides a written notice of non-renewal at least sixty (60) days prior to end of the then existing term. The fee for membership shall be charged per unit of equipment per month (terminal, printer, pinpad or any combination thereof). MERCHANT understands membership fee is in addition to fees charged by BANK in MERCHANT's Merchant Payment Card Agreement. In the event MERCHANT's Merchant Payment Card Agreement is terminated during the existence of any term of membership, the fee shall be paid for the remainder of the then existing term. Example: In the event a MERCHANT becomes a member and is terminated after seven (7) months, the remaining five (5) months of fees shall still be paid by MERCHANT to BANK. For all members in good standing, and subject to the terms herein, BANK shall provide equipment support or repair during the membership term. If the equipment cannot be repaired, it shall be replaced with refurbished equipment of comparable quality. MERCHANT agrees to pay any and all encryption fees. For any equipment shipped by BANK to MERCHANT hereunder, MERCHANT shall pay BANK the sum of $20.00 per item to cover shipping and handling. MERCHANT agrees to pay BANK additional fees for Saturday or priority delivery. In the event BANK replaces any item of equipment for MERCHANT's faulty equipment, MERCHANT is required to send BANK the faulty equipment within thirty (30) days from the date MERCHANT receives the replacement equipment. In the event MERCHANT fails to comply with this Section, MERCHANT shall be required to pay BANK the full retail price for the replacement equipment immediately upon the expiration of said thirty (30) day period. Full membership benefits do not take effect for thirty (30) days following the Date of Enrollment. In the event BANK provides replacement equipment during the first thirty (30) days of membership, MERCHANT shall pay BANK the sum of $75.00 per unit replaced. The following items are NOT covered under the membership and MERCHANT shall receive NO benefits for said items: wireless terminals, power packs, pin pad cables, check reader cables, printer cables, printer ribbons, or any other cable that would connect a peripheral device to the terminal, equipment which in the sole discretion of BANK has been subject to abuse, accidental damage, alteration, modification, tampering, negligence, misuse, faulty installation, lack of reasonable care, repair or service which in any way is not contemplated in the documentation for the equipment, equipment with alteration tampering or defacing of the serial number or model number, any damage that occurs in shipment due to an act of God, failures due to power surges, cosmetic damage.

10.17 MERCHANT is liable for repayment to BANK for all valid chargebacks related to Debit and/or ATM Transactions. BANK will comply with Debit/ATM Networks' prevailing Rules and Regulations in processing any chargebacks which result from cardholder disputes. However, all disputes which are not or cannot be resolved through established chargeback procedures shall be settled between MERCHANT and the cardholder, and MERCHANT will indemnify BANK and will provide reimbursement for all expenses, including reasonable attorney's costs, which it may incur as the result of any cardholder claim which is pursued outside the Debit/ATM Network Rules and Regulations.

10.18 MERCHANT agrees to $25 per hour, with one (1) hour minimum, research fee to be charged by BANK for research it performs at MERCHANT's request.

10.19 For purposes of compliance with Payment Card Industry Security Standards, MERCHANT is required to notify BANK in writing of any changes to the software type and version number from that originally stated within this Agreement. MERCHANT is liable to BANK for all losses and expenses incurred by BANK arising out of a failure to report changes to BANK.

10.20 MERCHANT must report to BANK its participation in any cash advance program outside of that offered by BANK. Failure to report participation in such a program shall result in immediate termination of MERCHANT account.

11.0 Fleet Card Acceptance.

11.1 If MERCHANT executes a Wright Express ("WEX") Merchant Agreement, MERCHANT understands that BANK will provide such agreement to WEX, but that neither BANK nor WEX shall have any obligation whatsoever to MERCHANT with respect to processing WEX Cards unless and until WEX executes WEX Merchant Agreement. If WEX executes WEX Merchant Agreement and MERCHANT accepts WEX cards, MERCHANT understands that WEX transactions are processed, authorized, and funded by WEX. MERCHANT understands that WEX is solely responsible for all agreements that govern WEX transactions and that BANK is not responsible and assumes absolutely no liability with regard to any such agreement or WEX transactions, including, but not limited to, the funding and settlement of WEX transactions. MERCHANT understands that WEX will charge additional fees for the services that it provides.

11.2 If MERCHANT accepts Voyager Cards, MERCHANT should adhere to the following Voyager Regulations:

(a) MERCHANT should check Fleet Cards for any prompt restrictions at the point of sale.

(b) If an increase in the number of Voyager transaction authorization calls from MERCHANT, not due to Voyager system outages, are in excess of 15% for a given month as compared to the previous month, Voyager may, in their sole discretion, deduct telephone charges not to exceed $.25 per call for the increased calls from MERCHANT settlement of MERCHANT's Voyager transactions.

(c) Settlement of Voyager transactions will generally occur by the fourth banking day after the applicable card transaction is processed. Voyager shall reimburse MERCHANT for the dollar amount of sales submitted for a given day by MERCHANT, reduced by the amount of chargebacks, tax exemptions, discounts, credits, and other fees.

(d) For daily transmission of data, MERCHANT shall maintain true and complete records for not less than thirty-six (36) months from the date of generation of the data, and MERCHANT is responsible for the expense of retaining such sales data records and sales drafts.

(e) In addition to the information provided in Section 6.5, in no event shall BANK's cumulative liability to MERCHANT for losses, claims, suits, controversies, breaches or damages for any cause whatsoever in connection with Voyager transactions, exceed the lesser of $10,000.00 or the Voyager transaction fees paid by MERCHANT for the two months prior to the action giving arise to the claim.

12.0 Data Security.

12.1 MERCHANT hereby warrants and represents that the POS Software, as listed on this Agreement is 100% accurate and that it is PCI DSS Compliant as listed at https://www.pcisecuritystandards.org/security_standards/vpa/. If MERCHANT conducts any business over the Internet or over a VOIP terminal, MERCHANT must install and maintain a working network firewall to protect data accessible via the Internet; keep security patches up to date; encrypt stored data sent over open networks; use and update anti-virus software; restrict access to data by business "need to know"; assign a unique ID to each person with computer access to data by unique ID; regularly test security systems and processes; maintain a policy that addresses information security for employees and contractors; and restrict physical access to cardholder information. When outsourcing administration of information assets, networks, or data, MERCHANT must retain legal control of proprietary information and use limited "need to know" access to such assets, network, or data. Further, MERCHANT must reference the protection of cardholder information and compliance with the PCI Security Standards Council in contract with other service providers. If MERCHANT stores cardholder account numbers, expiration dates, and other personal cardholder data in a database, MERCHANT must follow VISA, MasterCard, and Discover Network guidelines on securing such data as outlined by the Visa Cardholder Information Security Procedures (CISP), MasterCard Site Data Protection (SDP), and Discover Information Security and Compliance Program (DISC). MERCHANT understands that failure to comply with this Section may result in fines by VISA, MasterCard, and/or Discover Network, and MERCHANT agrees to indemnify and reimburse BANK immediately for any fine imposed due to MERCHANT'S breach of this Section. For more information on the Payment Card Industry Security Standards, including each of the specific security programs, see www.pcisecuritystandards.org.

LEASE TERMS & CONDITIONS

15.0 Equipment. BANK agrees to lease to MERCHANT and MERCHANT agrees to lease from BANK the equipment identified in Section VI of this Agreement or such other comparable equipment BANK provides MERCHANT (the "Equipment"), according to the terms and conditions of this Agreement. BANK is providing the Equipment to MERCHANT "as is" and makes no representations or warranties of any kind as to the suitability of the Equipment for any particular purpose.

15.1 Effective Date and Term of Agreement.

(a) The Lease Agreement becomes effective on the earlier of the date BANK delivers any piece of Equipment to MERCHANT (the "Delivery Date") or acceptance by BANK. This Lease Agreement remains in effect until all of MERCHANT'S obligations and all of BANK'S obligations under it have been satisfied. BANK will deliver the Equipment to the site designated by MERCHANT.

(b) The term of this Lease Agreement begins on a date designated by BANK after receipt of all required documentation and acceptance by BANK ("the Commencement Date"), and continues for the number of months indicated on the Equipment Lease Agreement. THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED.

(c) MERCHANT agrees to pay an Interim Lease Payment in the amount of one-thirtieth (1/30th) of the monthly lease charge for each day from and including the Delivery Date until the date preceding the Commencement Date.

(d) MERCHANT ACKNOWLEDGES THAT THE EQUIPMENT AND/OR SOFTWARE LEASED UNDER THIS LEASE AGREEMENT MAY NOT BE COMPATIBLE WITH ANOTHER PROCESSOR'S SYSTEMS AND THAT BANK DOES NOT HAVE ANY OBLIGATION TO MAKE SUCH SOFTWARE AND/OR AND OR EQUIPMENT COMPATIBLE IN THE EVENT THAT MERCHANT ELECTS TO USE ANOTHER SERVICE PROVIDER. UPON TERMINATION OF THIS MERCHANT PROCESSING AGREEMENT MERCHANT ACKNOWLEDGES THAT EQUIPMENT AND/OR SOFTWARE LEASED UNDER THIS AGREEMENT MAY NOT BE ABLE TO BE USED WITH SAID SERVICE PROVIDER.

15.2 Site Preparation. MERCHANT will prepare the installation site(s) for the Equipment, including but not limited to the power supply circuits and phone lines, in conformance with the manufacturer's and BANK'S specifications and will make the site(s) available to BANK by the confirmed shipping date.

15.3 Payment of Amounts Due.

(a) The monthly lease charge is due and payable on the same day of each successive month thereafter of the lease period for each piece of lease equipment, except that the first payment of the monthly lease charge for each piece of Equipment is due and payable upon acceptance of the Equipment by MERCHANT. MERCHANT agrees to pay all associated costs for delivery and installation of Equipment.

(b) In addition to the monthly lease charge, MERCHANT shall pay, or reimburse BANK for, amounts equal to any taxes or assessments on or arising out of this Agreement or the Equipment, and related supplies or any services, use or activities hereunder, including without limitation, state and local sales, use, property, privilege and excise tax, exclusive, however, of taxes based on BANK'S net income. Reimbursement of property tax calculation is based on an average tax rate.

(c) MERCHANT'S lease payments will be due despite dissatisfaction with the Equipment for any reason.

(d) Whenever any payment is not made by MERCHANT in full when due, MERCHANT shall pay BANK as a late charge, an amount equal to ten percent of the amount due but no less than $5.00 for each month during which it remains unpaid (prorated for any partial month), but in no event more than the maximum amount permitted by law. MERCHANT shall also pay to BANK an administrative charge of $15.00 for any debit we attempt to make against MERCHANT'S bank account that is rejected.

(e) In the event MERCHANT'S account is placed into collections for past due lease amounts, MERCHANT agrees that BANK can recover a collection expense charge of $30 for each aggregate payment requiring a collection effort.

15.4 Use and Return of Equipment; Insurance.

(a) MERCHANT shall cause the Equipment to be operated by competent and qualified personnel in accordance with any operating instructions furnished by BANK or the manufacturer. MERCHANT shall maintain the Equipment in good operating condition and protect it from deterioration, normal wear and tear excepted.

(b) MERCHANT shall not permit any physical alteration or modification of the Equipment, or change the installation site of the Equipment, without BANK'S prior written consent.

(c) MERCHANT shall not create, incur, assume or allow to exist any consensually or judicially imposed liens or encumbrances on, or part with possession of, or sublease the Equipment without BANK'S prior written consent.

(d) MERCHANT shall comply with all governmental laws, rules and regulations relating to the use of the Equipment. MERCHANT is also responsible for obtaining all permits required to operate the Equipment at MERCHANT'S facility.

(e) BANK or its representatives may, at any time, enter MERCHANT'S premises for purposes of inspecting, examining or repairing the Equipment.

(f) The Equipment shall remain BANK'S personal property and shall not under any circumstances be considered to be a fixture affixed to MERCHANT'S real estate. MERCHANT shall permit BANK to affix suitable labels or stencils to the Equipment evidencing BANK'S ownership.

(g) MERCHANT shall keep the Equipment adequately insured against loss by fire, theft, and all other hazards and MERCHANT shall provide proof of insurance. The loss, destruction, theft, or damage of or to the Equipment shall not relieve MERCHANT from MERCHANT'S obligation to pay the full purchase price or total monthly lease charges hereunder.

(h) MERCHANT may choose not to insure the Equipment and participate in the Equipment Service Program. The Equipment Service Program provides a replacement of the Equipment for as long as MERCHANT participates in the Program during the Lease Term. The Equipment Service Program includes (i) free comparable replacement terminal (new or refurbished) in the event of a defect or malfunction (terminal defects or malfunctions caused by acts of God are not covered by this Program), (ii) free shipping and handling on both the replacement terminal and return of the defective terminal, (iii) free overnight shipping and handling on replacement terminal if requested by 5:00pm PT (Monday-Thursday). If MERCHANT doesn't return damaged equipment, MERCHANT will be charged the full purchase price of the replacement equipment sent to MERCHANT. The monthly fee of $2.95 for the optional Equipment Service Program is a per terminal fee. MERCHANT can choose to insure the Equipment and terminate MERCHANT'S participation in the program at any time by calling the Customer Service department.

15.5 Title to Equipment. BANK at all time retains title to the Equipment unless BANK agrees otherwise in writing. MERCHANT agrees to execute and deliver to BANK any statement or instrument that BANK may request to confirm or evidence BANK'S ownership of the Equipment, and MERCHANT irrevocably appoints BANK as MERCHANT'S attorney-in-fact to execute and file the same in MERCHANT'S name and on MERCHANT'S behalf. If a court determines that the leasing transaction contemplated by this Agreement does not constitute a financing and is not a lease of the Equipment, then BANK shall be deemed to have a first lien security interest on the Equipment as of the date of this Agreement, and MERCHANT will execute such documentation as BANK may request to evidence such security interest.

15.6 Return or Purchase of Equipment at End of Lease Period. Upon the completion of MERCHANT'S lease term or any extension thereof, MERCHANT will have the option to (a) return the Equipment to BANK, or (b) purchase the Equipment from BANK for its then fair market value, calculated as a percentage of the aggregate lease payments in accordance with the following: If the term of this Lease is forty- eight (48) months or more , the buyout option as a percentage of the aggregate lease payments shall be ten percent (10%). If the term of this lease is thirty-six (36) to forty-seven (47) months, the buyout option as a percentage of the aggregate lease payments shall be fifteen percent (15%). If the term of this lease is twenty-four (24) to thirty-five (35) months, the buyout option as a percentage of the aggregate lease payments shall be twenty percent (20%); or (c) after the final lease payment has been received by BANK, the Agreement will revert to a month by month rental at the existing monthly lease payment. If MERCHANT does not want to continue to rent the Equipment, then MERCHANT will be obligated to provide BANK with 30-day written notice to terminate and return the equipment to BANK. If BANK terminates the lease pursuant to Section 11(b) due to a default by MERCHANT, then MERCHANT shall immediately return the Equipment to BANK no later than the tenth business day after termination, or remit to BANK the fair market value of the Equipment as determined in good faith by BANK. BANK may collect any amounts due to BANK under this Section 7 by debiting MERCHANT'S bank account, and to the extent BANK is unable to obtain full satisfaction in this manner, MERCHANT agrees to pay the amounts owed to BANK promptly upon BANK'S request.

15.7 Software License. BANK retains all ownership and copyright interest in and to all computer software, related documentation, technology, know-how and processes embedded in or provided in connection with the Equipment other than those owned or licensed by the manufacturer of the Equipment (collectively "Software"), and MERCHANT shall have only a nonexclusive license to use the Software in MERCHANT'S operation of the Equipment.

15.8 Limitation on Liability. BANK is not liable for any loss, damage or expense of any kind or nature caused directly or indirectly by the Equipment, including any damage or injury to persons or property caused by the Equipment. BANK is not liable for the use or maintenance of the Equipment, its failure to operate, any repairs or service to it, or for any interruption of service or loss of use of the Equipment or resulting loss of business. Our liability arising out of or in any way connected with this Agreement shall not exceed the aggregate lease amount paid to BANK for the particular Equipment involved. In no event shall BANK be liable for any indirect, incidental, special or consequential damages. The remedies available to MERCHANT under this agreement are MERCHANT'S sole and exclusive remedies.

15.9 Warranties.

(a) All warranties express or implied, made to MERCHANT or any other person are hereby disclaimed including without limitation, any warranties regarding quality, suitability, merchantability, fitness for a particular use, quiet enjoyment or infringement.

(b) MERCHANT warrants that MERCHANT will only use the Equipment for commercial purposes and will not use the Equipment for any household or personal purposes.

15.10 Indemnification. MERCHANT shall indemnify and hold BANK harmless from and against any and all losses, liabilities, damages and expenses, (including attorneys' fees) resulting from (a) the operation, use, condition, liens against, or return of the Equipment or (b) any breach by MERCHANT of any of MERCHANT'S obligations hereunder, except to the extent any losses, liabilities, damages or expenses result from our gross negligence or willful misconduct.

15.11 Default; Remedies.

(a) If any debit of MERCHANT'S bank account initiated by BANK is rejected when due, or if MERCHANT otherwise fails to pay BANK any amounts due hereunder when due, or if MERCHANT defaults in any material respect in the performance or observance of any obligation or provision of this Agreement or any agreement with any of BANK'S affiliates, alliances or joint ventures, any such event shall be a default hereunder. Without limiting the foregoing, any default by MERCHANT under a Merchant Processing Agreement ("MPA") with BANK or with an Alliance or joint venture to which BANK is a party will be treated as a default under this agreement. Such a default would include a default resulting from early termination of the MPA, if applicable.

(b) Upon the occurrence of any default, BANK may at our option, effective immediately without notice, either (i) terminate this lease and BANK'S future obligations under this Agreement, repossess the Equipment and proceed in any lawful manner against MERCHANT for collection of all charges that have accrued and are due and payable, or (ii) accelerate and declare immediately due and payable all monthly lease charges for the remainder of the applicable lease period together with the fair market value of the Equipment (as determined by BANK), not as a penalty but as liquidated damages for BANK'S loss of the bargain. Upon any such termination for default, BANK may proceed in any lawful manner to obtain satisfaction of the amounts owed to BANK and, if applicable, BANK'S recovery of the Equipment, including entering onto MERCHANT'S premises to recover the Equipment. In any case, MERCHANT shall also be responsible for BANK'S costs of collection, court costs and reasonable attorneys' fees, as well as applicable shipping, repair and refurbishing costs of recovered Equipment. MERCHANT agrees that BANK shall be entitled to recover any amounts due to BANK under this Agreement by charging MERCHANT'S bank account or any other funds of MERCHANT'S that come into our possession or control, or within the possession or control of BANK'S affiliates, alliances or joint ventures, or by setting off amounts that MERCHANT owes to BANK against any amounts BANK may owe to MERCHANT, in any case without notifying you prior to doing so. Without limiting the foregoing, MERCHANT agrees that BANK is entitled to recover amounts owed to BANK under this Agreement by withholding directly from any alliance or joint venture with which BANK is a party and with which MERCHANT has entered into an MPA any funds held or available as security for payment under the terms of the MPA, including funds available under the "Reserve Account; Security Interest" section of the MPA, if applicable.

15.12 Assignment. MERCHANT may not assign or transfer this Agreement, by operation of law or otherwise, without BANK'S prior written consent. For purposes of this Agreement, any transfer of voting control of MERCHANT or MERCHANT'S parent shall be considered an assignment or transfer hereof. BANK will assign this Lease Agreement after it's execution to First Data Global Leasing (FDGL), a business unit of First Data Merchant Services. After such assignment, BANK shall have no further obligation under the Lease Agreement.

15.13 Lease Guaranty. No guarantor shall have any right of subrogation to any of BANK'S rights in the Equipment or this Lease or against MERCHANT, and any such right of subrogation is hereby waived and released. All indebtedness that exists now or arises after the execution of this Agreement between MERCHANT and any guarantor is hereby subordinated to all of MERCHANT'S present and future obligations, and those of MERCHANT'S guarantor, to BANK, and no payment shall be made or accepted on such indebtedness due to MERCHANT from a guarantor until the obligations due to BANK are paid and satisfied in full.

15.14 Governing Law; Miscellaneous. This Agreement shall be governed by and will be construed in accordance with the laws of the State of New York (without applying its conflicts of laws principles). If any part of this Agreement is not enforceable, the remaining provisions will remain valid and enforceable.

15.15 Dispute Resolution and Arbitration. If the parties disagree as to any matter governed by this Agreement, the parties shall promptly consult with one another in an effort to resolve the disagreement. If such effort is unsuccessful, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, except that equitable relief may also be sought in any court of competent jurisdiction.

15.16 Notices. All notices must be in writing, and shall be given (a) if sent by mail, when received, and (b) if sent by courier, when delivered; if to MERCHANT at the address appearing on the cover page of this Agreement, and if to BANK at 4000 Coral Ridge Drive, Coral Springs, Florida 33065 Attn: Lease Department. Toll free customer service: 1 (877) 297-3364.

15.17 Entire Agreement. This Agreement constitutes the entire Agreement between the parties with respect to its subject matter; supersedes any previous agreements and understandings and can be changed only by a written agreement signed by all parties. This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

TERMS AND CONDITIONS, RIGHTS & OBLIGATIONS

1. Term, Termination and Amendments. This Agreement shall have a term of one (1) year from the date of acceptance by an authorized representative of ECCheck. This Agreement will renew for successive one year terms unless terminated by either party with written notice to the other at least thirty (30) days prior to the termination of the then existing term. In the event ECCheck changes the Fees, Rates or Check Limits, Merchant may terminate this Agreement upon thirty (30) days written notice to ECCheck. ECCheck may terminate this Agreement at any time upon written notice to Merchant. This Agreement, plus any addenda, including Fees, Rates and Check Limit, may be changed or amended from time to time by ECCheck by providing Merchant with written notice. Amendments to Fees, Rates and Check Limit shall take effect immediately. Other such amendments shall be effective thirty (30) days from mailing. If Merchant terminates this Agreement prior to the termination date of the then existing term, for any reason except as expressly set forth above, Merchant shall be subject to pay ECCheck an amount equal to the greater of: (a) $225, or (b) six (6) months of the current Monthly Minimum and Merchant Club Fees for each Merchant location. Except as specifically provided herein, this Agreement may not be altered, amended, or otherwise varied except by written mutual agreement of the parties.

2. Service Type. Merchant agrees to utilize ECCheck's Electronic Check Transfer (ECT) Service as indicated by the Merchant's initials, (initial only one) and solely for point of sale transactions at the location(s) listed in this Agreement.

Guarantee. ECCheck shall purchase 100% of the face amount of the check, up to the Check Limit, for any approved ECT transaction that meets all Warranty Requirements and Representations on the reverse side of this Agreement. Merchant acknowledges that ECCheck shall establish the Check Limit as part of the New Account Information materials. ECCheck may, at its sole discretion, increase or decrease the Check Limit upon written notice.

Non-Guarantee. ECCheck shall have zero liability on any dishonored check accepted by Merchant. Merchant agrees that there will be no payment for any loss from check transactions processed by ECCheck that are returned unpaid by either the Checkwriter's bank or the ACH Network. Merchant agrees to be liable for all ECT transactions that are returned, dishonored, reversed or that cannot be collected through Checkwriter's account and that are not subsequently covered by debit against Merchant Account.

MERCHANT ACCEPTANCE

This Agreement includes all of the terms and conditions contained on the front and back of this Agreement. This Agreement is not valid and binding until signed by an authorized manager of ECCheck. Merchant authorizes ECCheck or agent of ECCheck, or any credit reporting agency used by ECCheck, to make whatever inquiries that ECCheck deems appropriate to investigate, verify or research references, statements or data obtained from Merchant for the purpose of this application or any application for accompanying POS terminal(s) or equipment financing.

Personal Guarantee. To induce and in consideration of ECCheck acceptance of this Agreement, the undersigned (herein referred to as "Guarantor") unconditionally, personally, individually, jointly and severally guarantees performance of the Merchant's obligations under this Agreement and payment of all sums due hereunder and hereby continues to personally indemnify ECCheck for any and all funds due from Merchant under the terms of this Agreement.

ACH Debit/Credit Authorization. Merchant hereby authorizes ECCheck/Bank in accordance with this Agreement to initiate debit/credit entries to Merchant's Account, as indicated per the attached copy of a voided check from the Merchant. The authority is to remain in full force and effect until (a) ECCheck/Bank has received written notification from Merchant of its termination in such a manner as to afford ECCheck/Bank reasonable opportunity to act on it; and (b) all obligations of Merchant to ECCheck/Bank that have arisen under this Agreement have been paid in full.

3. Fees and Rates. Merchant shall pay ECCheck the Fees and Rates set forth in this Agreement plus all applicable taxes, as amended from time to time by ECCheck. The Transaction Fee is the charge per transaction for all transactions charged to Merchant by reason of Merchant's use of the Service. The Base Discount Rate shall be applied to the face amount of all checks processed for authorization by ECCheck, and debited daily from Merchant's funding credit. The Merchant Club Fee is a monthly fee for services associated with POS equipment maintenance and customer support as outlined in Paragraph 21 below. ECCheck reserves the right to change at its discretion, any Fees, or Rates by giving written notice to Merchant. Such changes shall be effective as of the date of the notice. Merchant's failure to give ECCheck written notice of termination of this Agreement after such notice of changes shall be deemed to constitute acceptance of the changes.

4. Payments. All Fees and Rates are due and payable upon receipt. Unless otherwise agreed to by ECCheck in writing, Merchant authorizes ECCheck to debit all payments owing to ECCheck under this Agreement (including all chargebacks) and to credit all amounts owing to Merchant under this Agreement to Merchant's Account. If there are insufficient funds in Merchant's Account to pay amounts owed to ECCheck, including delinquent fees, Merchant shall immediately reimburse ECCheck upon demand. ECCheck may, at its option, offset such amount against any amounts due Merchant from ECCheck, including funding of transactions, under this or any other agreement between Merchant and ECCheck. A delinquency charge of 1-1/2 percent per month or the highest amount permitted by law, whichever is lower, shall be added to the outstanding balance of any account 30 days delinquent. Without prejudice to its rights stated in paragraph 17, ECCheck reserves the right to suspend its services and obligations to Merchant, including the payment of ECT transactions due and all ECT transactions previously authorized, during any period which Merchant's account is delinquent. Continuance of service and payment during any period of delinquence shall not constitute a waiver of ECCheck rights of suspension or termination. For any check or ACH debit in payment of services or charges provided herein, Merchant agrees to pay ECCheck a Returned Item Fee of $28 for each such payment that is not paid by merchant's bank upon presentment. Merchant agrees that the Return Item Fee may be debited from its ACH account.

5. ECT Process. For each ECT transaction that ECCheck approves, ECCheck shall initiate via the Automated Clearing House (ACH) system an Electronic Funds Transfer (EFT) credit to Merchant's Account in the amount of such transaction as part of an ECT batch credit less applicable Rates and/or Fees. Such credit shall occur within three banking days following Merchant's regular transmission to ECCheck for processing the same/ ECT transactions ("ECT batch"). Such credit shall occur regardless of whether or not customer's ECT transaction is paid by consumer's financial institution. ECCheck reserves the right to decline to process any transaction as an ECT transaction.

6. Transactions Qualifying For ECT. Only transactions (a) originally made payable to Merchant, (b) for which the MICR number imprinted on the check is read and approved by the check reader device working in conjunction with ECCheck's system are eligible for EFT credit to Merchant's Account. ECT transaction as used herein shall include only a transaction for the contemporaneous purchase of goods or services and shall not include transactions for cash or for payment on an account or a check already due Merchant.

7. Warranty Requirements. ECCheck will reimburse Merchant for one check per ECT transaction that is returned unpaid, up to the Check Limit, which meets all of the following requirements: (a) check must be a first party check drawn on a United States or Canadian financial institution and must be made payable to Merchant, (no credit card convenience checks, traveler's checks or third party checks); (b) the name of the individual or company must be imprinted on the check by the check manufacturer, (no starter or temporary checks); (c) P.O. Box is used or address is not imprinted by the check manufacturer, a physical address must be written on the check; (d) Merchant shall have made an inquiry to ECCheck according to ECCheck's authorization procedures and received an approval code; (e) ECCheck Merchant Number, check writer's telephone number including area code and identification type and number used for authorization must be written on the face of the check; (f) the signature and physical description of check writer must reasonably correspond to any signature and description contained in the piece of identification used for authorization; (g) the signature on the signature block must not be substantially different from the name imprinted on the check; (h) the date of the check must be no more than one day from the actual inquiry date to ECCheck, (no Pre- or Post-Dated checks); (i) the amount authorized by ECCheck and the amount shown in words and figures on the check must all agree; (j) as to the check, if processed as a paper item and manually deposited in Merchant's Account must be received by ECCheck for purchases within thirty (30) days of the date the check was authorized. Warranty does not apply to a check on which payment has been stopped or authorization revoked due to disputes over payment of goods and/or services between Merchant and Customer.

8. Representations. Merchant represents and warrants with respect to all ECT transactions submitted by Merchant to ECCheck under this Agreement that (a) the checkwriter has authorized the debiting of his/her account and that the ECT transaction is in all respects properly authorized and in an amount agreed to by the customer; (b) Merchant received a signed EFT receipt from the checkwriter and either the checkwriter or Merchant voided the paper check to which the ECT transaction relates; (c) the ECT transaction represents an obligation of the person who is tendering the check and the ECT transaction is for merchandise actually sold or rented or services actually rendered for the actual price of such merchandise or services (including tax) and does not involve any element of credit for other purposes; (d) the signature and physical description of the checkwriter reasonably correspond to any signature and description contained in the piece of identification and the signature on the ECT receipt is not substantially different from the name imprinted on the check to which the ECT transaction relates; (e) the amount of the ECT transaction and the amount on the ECT receipt all agree and are not the subject of any dispute, setoff or counterclaim and the date of the ECT transaction accurately coincides with the date the transaction actually occurred; (f) Merchant has no reason to believe or have notice of any fact, circumstance or defense which would impair the validity or collectibility of the checkwriter's obligation or relieve the checkwriter from liability for the ECT transaction; (g) the check to which the ECT transaction relates is a personal check and not a business check or payroll check; (h) the ECT transaction is not the result of a phone order, mail order or internet order; (i) the checkwriter shall have signed a separate ECT receipt for each ECT transaction processed; (j) and Merchant may not split the sale among multiple payment authorizations to circumvent the established Check Limit. No split sales. Merchant agrees to indemnify and hold ECCheck harmless for any losses, liabilities, cost, expenses and/or consequential damages whatsoever incurred by ECCheck as a result of a breach by Merchant of any of these representations.

9. Assignment Of Checks/ECT Transactions. By the execution of this Agreement, Merchant ASSIGNS, TRANSFERS and CONVEYS to ECCheck all of Merchant's rights, title and interest in any check or ECT transaction submitted to or processed by ECCheck for reimbursement under this Agreement and agrees, at ECCheck's request, to endorse such checks and to take any further action reasonably deemed necessary by ECCheck to aid in the enforcement of such rights, including but not limited to providing a copy of the sales invoice, sales contract or work order for which the check was written or the ECT transaction was authorized.

10. Chargeback or Reassignment of ECT Transactions or Checks. ECCheck may chargeback to Merchant and debit Merchant's Account for any ECT transaction processed by ECCheck or any check reimbursed by ECCheck pursuant to this Agreement in any of the following circumstances: (a) the goods and/or services for which the check or ECT transaction was issued have been returned to Merchant, have not been delivered to Merchant, or are claimed by the purchaser to have been unsatisfactory; (b) Merchant has received full or partial payment or security in any form whatsoever for secure payment of the check or ECT transaction, or the goods or services for which the ECT transaction was issued were initially delivered on credit or under a lease; (c) the business transaction for which the ECT transaction or check was tendered is for any reason illegal, void, invalid or a court of law determines that the check in whole or in part is not due and payable by the checkwriter; (d) Merchant has failed to comply with the terms and conditions of this Agreement including, but not limited to, the Warranty Requirements; (e) the ECT transaction was not a qualifying transaction as defined in paragraph 6; (f) Merchant failed to comply with any of the representations made in paragraph 8; (g) a duplicate ECT transaction was received and processed or the original paper check was deposited, thereby creating a duplicate entry against the checkwriter's financial institution account; (h) Merchant, or any of its owners, agents or employees, intentionally altered the check to proceed the ECT transaction with reason to know that it was likely to be dishonored (including having received a non-Approval Code) or that the identification used was forged or did not belong to the customer; (i) the ECT receipt was incomplete or unsigned; (j) a legible copy of the ECT receipt is not received by ECCheck within 7 days of a request by ECCheck; or (k) the customer disputes authorizing the ECT transaction or the validity or accuracy of the ECT transaction debit to his account; or (l) if Merchant has any outstanding items with ECCheck or ECCheck affiliates, settlement banks or leasing companies. Merchant shall immediately notify ECCheck upon the happening of any of the above circumstances. ECCheck may also chargeback to Merchant any amount over the Check Limit where ECCheck has verbal / received approval for such ECT transaction from the checkwriter or checkwriter's financial institution. If a check is reassigned as provided herein, ECCheck may debit Merchant's Account in the amount reimbursed by ECCheck for the check, and upon request, Merchant shall remit the amount of the check to ECCheck. Upon chargeback or reassignment of a check, ECCheck shall have no further liability to Merchant. Following termination of this Agreement, Merchant shall continue to bear initial responsibility for any chargebacks and adjustments made under this paragraph.

11. Collection And Returned Check Fees. Merchant agrees that ECCheck shall be entitled to collect from the check writer and retain any fees of exemplary damages in addition to the check amount, which are allowed by law. Merchant agrees to follow procedures and post all notices that in ECCheck's opinion may be required for it to collect any such amounts arising from returned or dishonored checks or unpaid ECT transactions. For checks or ECT transactions that do not qualify for guarantee, (either the item/s do not meet the requirements under this Agreement or the Merchant utilizes the Non-Guarantee ECT service), the Merchant may elect to utilize ECCheck's collection services. Merchant will receive a reimbursement payment equal to 65% of the amount collected of the face value of the check. Should Merchant accept payment for items that have been reimbursed by ECCheck, or submitted to ECCheck for collection, Merchant shall notify ECCheck within 24 hours of collecting payment and Merchant shall be responsible for collecting all applicable check fees. ECCheck shall bill the Merchant for all applicable fees and have no further liability under this Agreement.

12. Deposit Of Paper Checks. Any transaction which: (a) does not qualify as an ECT transaction, as described in paragraph 6 above or (b) does not meet all of the representations described in paragraph 8, must be physically deposited by Merchant to Merchant's Account. Merchant will forward or notify Merchant's depository bank to forward returned checks directly to ECCheck for collection efforts within 30 days of authorization.

13. Merchant Account. Merchant agrees to maintain a commercial demand deposit checking account designated by Merchant for use in conjunction with ECT services. Merchant agrees to immediately reimburse ECCheck and ODFI for any shortfalls that occur due to non-sufficient funds in Merchant Account that are covered by ECCheck. Merchant also agrees to authorize ECCheck to suspend crediting of ECT transactions to Merchant Account, will hold prior notice to Merchant, if Merchant should default on or fail to comply with any terms of this Agreement, or if either ECCheck or ODFI in its sole opinion deem itself at risk due to any services performed under this Agreement.

14. Reporting and Reconciliation. For transactions provided for under this Agreement, ECCheck will provide Merchant with transaction volume reporting and transaction fee record keeping in a format and manner to be determined by ECCheck. Merchant agrees to notify ECCheck promptly of any discrepancies between Merchant's records or bank statements and the information in the reports provided by ECCheck. If Merchant fails to notify ECCheck within 60 days of the transaction of any such discrepancy or funding error, Merchant shall be precluded from asserting any losses, claims or liability against ECCheck arising from such discrepancies or errors.

15. Rules and Regulations. Merchant agrees to comply with current National Automated Clearing House Association (NACHA), rules and regulations ("Rules") regarding the processing of ECT transactions. ECCheck will make copies of all such Rules available to Merchant upon Merchant's request. Such Rules are hereby made part of this Agreement and incorporated herein by this reference. Merchant agrees to hold ECCheck harmless for any liability due to Merchant's non-compliance with NACHA rules.

16. ECCheck Procedures. ECCheck shall supply Merchant with its ECT Quick Reference Guide ("ECT Guide") as may be changed from time to time by ECCheck, the terms of which are incorporated into this Agreement. Merchant agrees to comply with and to be bound by additional items contained in the ECT Guide as amended from time to time. To the extent that there is any conflict between the ECT Guide and terms of this Agreement, the terms of this Agreement shall govern.

17. Settlement Advance. As a condition of providing services under this Agreement, or anytime thereafter, Merchant may be required, at the option of ECCheck, to fund and maintain an advance ("Settlement Advance") with ODFI in an amount to be determined by ECCheck in its sole discretion based on Merchant's processing history and potential risk of loss to ECCheck. Merchant hereby acknowledges and agrees that any Settlement Advance will be deposited in an ECCheck account for exclusive use by ECCheck or ODFI for purposes of offsetting any Returns or other Merchant obligations under the Agreement not recoverable from Merchant Account. If Merchant's Settlement Advance falls below the required amount, Merchant hereby authorizes ECCheck to immediately replenish the Settlement Advance in an amount to be determined by ECCheck via an ACH debit to Merchant Account or by a direct deposit to the Settlement Advance account within twenty-four (24) hours after verbal or written notification from ECCheck of the replenishment requirement. In the event of fraud or breach of this Agreement by Merchant the Settlement Advance may be funded immediately at ECCheck's election via an ACH debit to Merchant's Account or applying funds from ECT transactions due Merchant. No interest will be paid on the Settlement Advance. In addition, Merchant hereby acknowledges and agrees that ECCheck may use the Settlement Advance in whatever manner it desires, i.e., commingling with other merchant funds, etc., subject to ECCheck's requirement, should this Agreement be terminated, to refund any remaining Settlement Advance balance ninety (90) days after the termination date ("Termination Period"). Merchant hereby grants ECCheck and ODFI a security interest in any Settlement Advance that ECCheck or ODFI may enforce for purposes of securing any obligation owed to Merchant under this Agreement without notice or demand to Merchant. Merchant's obligation to maintain a Settlement Advance shall survive the termination of this Agreement for the duration of the Termination Period during which time ECCheck's and ODFI's security interest shall continue.

18. Right of Setoff. Merchant hereby acknowledges and agrees that ECCheck shall have a right to setoff against any and all fees or other funds owed ECCheck by Merchant under this Agreement.

18. Retention Of EFT Receipts. Merchant agrees to have the cardholder sign an EFT receipt in a form approved by ECheck for each ECT transaction processed through ECheck. Merchant agrees to maintain the signed EFT receipt for a minimum period of two years from the date of the transaction or for the period specified by the rules of the NACHA, whichever is longer. Upon request by ECheck, Merchant shall promptly produce either the original or a legible copy of the EFT receipt to ECheck within seven days of ECheck's request. Merchant agrees upon reasonable notice and during normal business hours that ECheck may audit Merchant for its compliance with this requirement.
19. Non-Guarantee. If Merchant utilizes ECheck's Non-Guarantee services, information is given only to assist Merchant in deciding whether or not to accept a check. ECheck does not guarantee the accuracy or completeness of the information and there will be no payments to Merchant by ECheck for any loss from check transactions processed by ECheck. Merchant assumes all risk on checks accepted by Merchant and processed by ECheck and ECheck's liability on any check processed through the Non-Guarantee service shall be zero.
20. Equipment. ECheck will replace or repair equipment for Merchants that are members of the 'Merchants Club' upon Merchant's request. A swap fee of $20.00 will be charged per equipment item replaced. If replacement equipment is mailed to Merchant, it is Merchant's responsibility to return defective equipment to ECheck's office within 7 business days or Merchant will be deemed to have purchased equipment and be billed for such equipment. A fee of $40.00 per hour plus the cost of parts will be charged for any repair of equipment beyond ordinary wear and tear. A reprogramming fee of $10.00 will be charged for each occasion that a piece of equipment is reprogrammed for additional features or different information. Merchant shall not permit persons other than authorized representatives of ECheck to adjust, maintain, program or repair any equipment. Merchant shall bear the entire risk of loss, theft, or damage of or to equipment. There is a 90-day manufacturer's warranty on sold equipment.
21. Hold Harmless. Merchant agrees to promptly inform ECheck of collection or dispute of any amounts rescinded, or items submitted, to ECheck and to hold ECheck harmless for any liability arising from Merchant's failure to do so.
22. Credit Law Compliance. Merchant certifies that it has a legitimate business need, in connection with a business transaction involving the consumer, for the information provided by ECheck under this Agreement. Merchant also certifies that the information provided by ECheck will only be used for permissible purposes as defined in the Fair Credit Reporting Act, and applicable state laws, with the exception that the information will not be used for employment purposes, and will not be used by Merchant for any purpose other than one transaction between Merchant and customer. Merchant agrees that neither it nor its agents or employees will disclose the results of any inquiry made to ECheck except to the person about whom such inquiry is made and in no case to any other person outside the Merchant's organization and that Merchant shall defend, and hold harmless, ECheck for all liability resulting directly or indirectly from any disclosure forbidden herein. If Merchant decides to reject any transaction, either wholly or partly because of information obtained from ECheck, Merchant agrees to provide the customer with all information required by law or ECheck.
23. Use of ECheck's Materials. Merchant shall have the use of decals, identification data and other material furnished by ECheck during the term of this Agreement. Merchant shall not permit any person other than its own officers or employees at subscribing locations to use the ECheck Merchant Number assigned by ECheck. Merchant agrees that upon termination it will return or destroy all ECheck materials and return, in good condition, all ECheck's equipment. The monthly fees to Merchant will apply for all months or fractions of a month any materials or equipment remain in use.
24. Use of Merchant Information. Merchant agrees that ECheck may use any credit information provided to ECheck or an ECheck affiliate for ECheck's ECT credit review. Merchant also agrees that ECheck may share any experiential information it has regarding Merchant with any ECheck affiliate.
25. Assignment of Agreement. Merchant may assign this Agreement only with prior written consent of ECheck. ECheck may freely assign this Agreement, its rights, benefits of duties hereunder. This Agreement shall inure to the benefit of and be binding upon the successors and assigned of ECheck and the heirs, executor, administrators, successors, and assigns of Merchant.
26. Application. In connection with this Agreement, Merchant has executed and delivered an Application containing, among other things, information describing Merchant's business and the individuals who are the principal owners of Merchant. Merchant warrants that all information and statements contained in such Application are true, correct and complete. Merchant further agrees to promptly notify ECheck of any and all changes which may occur from time to time regarding any information contained in such Application, including but not limited to, the identity of principal owners and the type of goods and services provided. ECheck reserves the right to immediately terminate this Agreement based upon the nature of changes reported by Merchant or discovered by ECheck. Merchant and principal owner(s), identified on the Application shall be jointly and severally liable to ECheck, and remain liable for any and all loss, costs and expense suffered or incurred by ECheck, resulting from incorrect or incomplete information contained in Application or Merchant's failure to report all changes to ECheck in accordance herewith. If, in ECheck's sole judgment, a significant discrepancy exists between Merchant's actual processing activity and the activity described in Merchant's Application, ECheck may immediately and without notice, suspend all processing and funding activity until ECheck, in its sole opinion, feels confident in allowing subsequent processing activity.
27. Legal Responsibility. In the event of Merchant's violation of the terms of this Agreement, Merchant agrees to pay all cost, including reasonable attorneys' fees, for steps taken by ECheck whether by suit or otherwise, to defend, preserve or enforce its rights under this Agreement and ECheck shall have the right to immediately repossess all equipment owned by ECheck. In the event of any legal action with third parties, customers, businesses, or regulatory agencies concerning any transaction or event arising under this Agreement, Merchant agrees to: (a) promptly notify ECheck of the claim or legal action; (b) reasonably cooperate with ECheck in the making of any claims or defenses and (c) provide information, assist in the resolution of the claims and make available at least one employee or agent who can testify regarding said claims or defenses. ECheck and Merchant shall each be responsible for its own attorneys' fees and court cost except as otherwise provided by this paragraph.
28. Warranty Limitations. Except as expressly set forth herein, ECheck makes no warranty, express or implied, and it is agreed that no implied at law warranty shall arise from this Agreement or from performance by ECheck. In no event shall ECheck be liable to Merchant or to any other person for any loss or injury to earnings, profits or goodwill or for any incidental or consequential damages. Merchant agrees that a decision to reject any check or ECT transaction, driver's license or other forms of identification or payment for its products and/or services shall be made solely Merchant's own responsibility. Notwithstanding anything to the contrary in this Agreement, in no event shall ECheck's liability under this Agreement exceed the total amount of fees paid to ECheck by Merchant pursuant to this Agreement during the preceding 12 month period.
30. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be hand delivered or delivered by facsimile transmission or overnight courier or U.S. Postal Service addressed or transmitted to the party to be notified at such party's address or number as provided on the front of this Agreement or at such party's last known address or number. Any notice delivered hereunder shall be deemed effective upon delivery, if hand delivered or sent by overnight courier, or upon deposit with the U.S. Postal service, and upon receipt, as evidenced by the date of transmission indicated on the transmitted material if by facsimile transmission. Merchant's continued use of the affected service after receipt of such notice will evidence Merchant's continued use of the affected service after receipt of such notice. The parties addressed may be charged by written notice to the other party as provided herein.
31. Force Majeure. ECheck shall not be held responsible for any delays in or failure of suspension of service caused by mechanical or power failure, strikes, labor difficulties, fire, earthquakes, inability to operate or obtain service for its equipment, unusual delays in transportation, act of God, or other causes reasonably beyond the control of ECheck.
32. Governing Law and Jurisdiction. Merchant agrees to comply with all application laws, rules and regulations relating to the services provided hereunder. This Agreement plus any addenda attached hereto is the entire Agreement between the parties concerning the processing of electronic and paper checks, and supersedes all previous understanding, representations and agreements in relation to its subject matter. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. Any suit brought relating to this Agreement MUST be brought in Houston, Harris County, Texas.
33. Severability. If any provision of this Agreement, or the application of such provisions to any person or circumstance, is declared by a court of competent jurisdiction to be invalid, illegal or unenforceable for any reason, such fact shall not affect the remaining provisions to persons or circumstances other than those to which it is held invalid, and in lieu of each such provision there shall be substituted a new provision as similar as possible to the provision declared invalid, illegal or unenforceable.
34. Waiver. All rights and duties within this Agreement are material and time is of the essence. No waiver of any right hereunder shall be deemed effective unless in writing executed by the waiving party. The parties agree that no failure to exercise and no delay in exercising, any right hereunder on the part of whether party shall operate as a waiver of any such right. The parties agree that no single or partial exercise of any right hereunder shall preclude its further exercise.
35. Survivability. All representations, warranties, indemnities and covenants made herein shall survive the termination of this Agreement and shall remain enforceable after such termination.
36. Entire Agreement. This Agreement together with any Addenda constitutes a fully integrated agreement and the entire Agreement between the parties with respect to its subject matter. All prior or contemporaneous agreements, understandings or representations in relation to the subject matter of this Agreement are merged herein.

PC States ONLY

Merchant Payment Card Agreement Addendum

This Addendum (the "Addendum") dated _____ is to the Merchant Payment Card Agreement dated on or about _____ (the "Agreement") is made and entered into by and between Woodforest National Bank ("WNB"), Merchants' Choice Payment Solutions ("MCPS") and _____ (the "Merchant"),

The parties hereto have agreed to the following terms in addition to all terms and conditions set forth in the Agreement. Any conflict between this Addendum and the Agreement shall be governed by this Addendum. All matters set forth in the Agreement not addressed in this Addendum shall remain in full force and effect.

NOW THEREFORE, the parties have agreed to the following amended terms:

1. The Special Pricing Addendum, attached as Exhibit "A" contains the pricing applicable to the Agreement. Any pricing terms set forth in the Agreement that are not amended in Exhibit "A" shall remain in full force and effect. WNB may amend the pricing to reflect any increase or decrease in the direct costs that it is charged by its vendors, Visa, MasterCard and other similar entities. In the event of such an increase or decrease, WNB shall provide 30 days prior notice to the Merchant.

2. In the event Merchant's relationship with The Joint franchise system is terminated or discontinued for any reason, Merchant acknowledges, understands and agrees that WNB shall follow the directions of the Merchant's management company _____ (known by Merchant to be a franchisee of The Joint Corp.), or the successor Merchant identified by Merchant's management company, regarding the deposit of funds from payment card transactions submitted by Merchant. Merchant agrees to indemnify and hold WNB, MCPS and MCPS Partners harmless for any action they take pursuant to this section. Merchant understands that this could result in funds from transactions processed by the Merchant being redirected to bank accounts that are not owned by the Merchant.

3. Except to the extent specifically referenced herein, the terms and conditions of the Agreement remain in full force and effect without modification.

WOODFOREST NATIONAL BANK	**MERCHANT CHOICE PAYMENT SOLUTIONS**
BY: _____	BY: _____
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____
DATE: _____	DATE: _____

PC States ONLY

MERCHANT

BY: _____
NAME: _____
TITLE: _____

DATE: _____

RETAIL RADIO'S SERVICE SALES AGREEMENT

Retail Radio

RETAIL RADIO'S SERVICE SALES AGREEMENT

ATTN: Franchisee Name

This is a (36) thirty six month service agreement and is entered on March 1st by and between RETAIL RADIO, LLC ("RR"), a California Limited Liability Company, and Franchisee #, company name or owner (referred to herein as "Client"). WHEREAS, the Client desires to hire RR to provide personalized radio services including, but not limited to, stylized music programming with customer targeted advertising determined and/or created by RR. NOW, THEREFORE, in consideration of the contained mutual covenants and agreements and for good, valuable consideration, the Client and RR agree as follows:

1. TERMS

(a) Client agrees to hire RR to provide personalized radio services for a period of (36) thirty six months (for all stores locations identified on **(Addendum A)**. This initial Agreement and its terms will renew after the initial (36) thirty six month period, if a cancellation is not received in writing by the later of (60) sixty days prior to the expiration of the current Agreement. Additional locations can be added to this master contract **(Addendum A)** however contract terms and conditions will be applied from the date the service is to commence at the additional locations. Should any location close or franchise agreement expire with The Joint Corp during the contract term with Retail Radio, the expressed franchisees specific clinic's contract with Retail Radio will be terminated without financial consequences for said franchisee or The Joint Corp

(b) Client will select a music format from multiple stylized music formats, with each format consisting of professionally programmed, and required licensed music, as the content relates to their specific location to meet a particular Client's needs and targeted audience.

(c) Client's service comes with 12 produced pieces of messaging a year of up to 30 seconds each, including branding, thank you or up-selling messages. These spots will run at equal rotation unless otherwise expressed in writing. All copy points for the spots are to be provided by the Client. The included production is for uses within Your in-store music service solely and consists of single voice reads. Additional produced pieces of messaging can be produced for $45 per messaging.

(d) Client is required to use our Plug N Play media player box per location, to be provided by RR, with a (1) one time set-up fee as stated in Section 2, Compensation, of this Agreement. RR shall also provide the initial installed equipment more particularly described in Section 3 Terms of Service set forth hereinafter.

(e) Client, not RR, is fully responsible for establishing and maintaining a successful internet connection, being necessary to receive RR's continuing personalized radio services. RR agrees to provide instructions and customer service to assist Client. For music reliability our players will perform music for a short period of time without an internet connection but will eventually repeat content if it is unable to gain updates performed by RR.

(f) The terms and conditions set forth in the following pages consisting of 6 of 6 total pages (and/or list of locations provided by Client) are part of this Agreement.

2. COMPENSATION

(a) Client agrees to pay RR a monthly of $ 21 monthly subscription fee per location for a minimum of (36) thirty six months per location. Within the term of the initial Agreement the monthly subscription fee could increase no more than 5% only if written notice is provided to Client documenting such increase from BMI, SESAC, ASCAP, SOCAN, as it applies to your content.

a. No less than (90) ninety days prior to the end of the initial Term, RR may provide a written notice to Client (i) indicating that RR's costs related to RR's Products and/or Services as stated under Section 1, Terms, have increased and (ii) detailing RR's proposed new prices as a result of such increased costs.

(b) Client will pay RR a (1) one time fee of $ 199 (plus shipping) for the lease of a Plug N Play media player per location used to implement the agreed upon services.

(c) Client to pay an introductory (1) one time production fee of $0
Requested Billing Cycle:

☐ Monthly ☐ Quarterly ☐ Semi-Annually ☐ Annual

(d) RR to provide client separate content capabilities for on-hold services. Client understands that their phone system must have an audio input. A 6 foot audio cord will be provided along with a RCA to mono 3.5mm plug adapter. Client agrees to pay $ 0 per location per billing cycle

☐ **ACH Payments**: To authorize automatic payments taken directly from Your bank account, please fill out the ACH payment authorization form. There is no billing fee associated to the ACH billing or payments and **initial here:** _____. Check this box if You want monthly invoices emailed to You. Otherwise, individual and summary of services are available upon requests.

☐ **Automatic Credit Card Payment**: To authorize payment by Visa or MasterCard send us a completed Payment Authorization Form (attached) or request one from Your RR account executive, and **initial here**: _____. Check this box if You want monthly invoices emailed to You. Otherwise, individual and summary of services are available upon requests.

Automated Payment Terms: By selecting an automated payment method, You authorize us to automatically deduct from Your financial institution or post to Your credit card, all fees and charges payable under the Agreement as they become due. You agree to promptly notify us in writing if Your financial institution or credit card information changes. You can revoke this authorization at any time by giving us Notice. You agree that if we are unable on any occasion to receive automated payments for any reason, we may send a paper invoice to the Service Address for the charges then due, and You will pay such invoice within 10 days after the invoice date. There is a billing there is a $1.25 billing fee per invoice.

☐ Payment options: Invoice by mail. Send paper invoices to the attention of: _____ at this address:

_____

There is a billing there is a $1.25 billing fee per invoice.

(d) Default: If Client fails to pay any amounts when due, and such non-payment continues for (30) thirty days after RR provides written notice by certified mail of the non-payment, Client agrees that the entire contract balance will become immediately due and payable to RR as liquidated damages. Payments that are more than (60) sixty days past due could assets late fees of 3% of delinquent balance every additional (30) thirty days. Client also agrees RR has the right to discontinue the Services and to remove RR's Equipment and any media at that time, together with any other remedies provided for herein.

Notes

notes about specific agreement, promotion, install or anything of that sort

THE UNDERSIGNED HAS READ THE FOREGOING CONTRACT AND FULLY UNDERSTANDS IT. IN WITNESS WHEHREOF, the Parties hereto have executed this Agreement as of the date and year first written above on page (1) one of this Agreement. This Agreement may be delivered electronically via, Facsimile, Email or other. The receipt of a Facsimile, Email or others copy of any party's signature shall be considered to be receipt of an original copy thereof, provided that any party executing this Agreement by facsimile shall, as soon as practicable following execution of this Agreement, provide an originally executed counterpart of this Agreement to the other parties.

CLIENT

_____ _____

[SIGNATURE] Date

By: _____

RETAIL RADIO, LLC

_____ _____

By: Bill Louie **Member of Retail Radio, LLC** Date

3. **TERMS OF SERVICE**

THIS LIMITED END USER AGREEMENT ("AGREEMENT") DESCRIBES YOUR RIGHTS TO USE THIS HARDWARE AND ALL ASSOCIATED SOFTWARE ("EQUIPMENT"). YOU SHOULD CAREFULLY READ THIS AGREEMENT BEFORE INSTALLING OR USING THE EQUIPMENT.

This End User Agreement ("Agreement") contains the terms and conditions under which Retail Radio, LLC, a California limited liability company ("RR") agrees to provide You, the Client, with a non-exclusive, limited license to use Retail Radio's Equipment for use as a customized in-store audio system.

This is a legal agreement between Client, the original End User licensee (End User, You or Your) and Retail Radio (RR). You are granted this limited license to use the Equipment only if You accept all of the terms contained in this Agreement. Before installation and use of the Equipment, please read all of the terms and conditions of this Agreement.

(a) License. RR grants to You a nonexclusive, nontransferable, limited license to use the Equipment in connection with retail store in-store audio systems as provided herein, and for no other purpose. You shall not transmit the program nor use the service outside the premises designated in this Agreement. You agree not to disclose or make the Equipment available to any third party and You shall protect the confidentiality of the Equipment with the degree of care which You use to protect the confidentiality of Your own proprietary information of like nature, but with no less than a reasonable degree of care. You may not lease, assign, sublicense or transfer this license and any attempt to lease, sublicense, assign or transfer all or any of Your rights hereunder is void and will result in an immediate termination of this Agreement. Client understands and agrees that RR's music service rights are licensed for background music only. Client further understands and agrees RR's music services do not license music for any other on-premises music uses, including, but not limited to, the following: live music, television use, D.J. performances or businesses charging admission. Such uses require additional licensing that is the responsibility of Client, not RR.

(b) Restrictions. The Equipment and the accompanying printed or written materials are protected by applicable national copyright laws and are also subject to trade secret laws. Unauthorized copying of the Equipment or any related materials, including those instances where any aspects of the Equipment or related material have been modified, merged, or included with other data, code or software for any reason, is expressly forbidden. You will be liable for copyright infringement and all damages that result from any such unauthorized copying. The Equipment contains trade secrets, and in order to protect them, You may not decompile, reverse engineer or disassemble the Equipment, or otherwise reduce the Equipment to a human perceivable form. You may not modify, adapt, translate, rent, lease, loan, resell for profit, distribute, network or create derivative works based on all or any part of the Equipment.

(c) Title. The original and any copies of the Equipment, its associated software, and all accompanying content and documentation, in whole and in part, including translations, compilations, partial copies, modifications, and updates are the property of RR. You have only the limited rights granted by this Agreement. You are not an owner of a copy of the Program, and therefore 17 U.S.C. Section 117 does not apply. Upon terminating RR service the leased Plug N Play media player unit must be returned. If RR does not receive the leased equipment within 60 days of discontinuing service or receiving a replacement unit Client will be billed at the rate of $199. R&R will pay for shipping if required upon request.

(d) Maintenance of Equipment. RR shall maintain and update, as necessary, the Plug N Play media player player at no additional charge, except as provided herein below. All maintenance shall be exclusively limited to that resulting from ordinary and proper use of the Equipment.

(e) Limited Warranty. RR warrants to Client that the Equipment as originally distributed to You (if any) is free from defects in materials and workmanship under normal use for a period equal to the length of the Initial first term of this agreement from the date of delivery to You ("Equipment Warranty"). Delivery shall be defined as the date You receive the Equipment from RR. RR does not warrant that the documentation or the functions contained in the Equipment will meet Your requirements or that the operation of the Equipment will be uninterrupted or error free.

No oral or written information or advice given by RR, its dealers, distributors, agents or employees will create a warranty or in any way increase the scope of the limited warranties set forth herein, and You may not rely on any such information or advice.

RR's entire liability and exclusive remedy with respect to breach of the Equipment Warranty will be, at RR's sole option and election, repair or replacement of any Equipment not meeting the Equipment Warranty, or refund of the price paid by You for the Equipment not meeting the Equipment Warranty; provided that the Equipment is returned to Your place of purchase within the Equipment Warranty period in accordance with the provisions set forth herein. You are responsible for any costs, expenses, customs, duties, taxes, and other similar charges relating to Your return shipment of the Equipment to Your place of purchase and RR's return of Equipment to You under the Equipment Warranty. You agree to pay all such costs upon invoice.

EXCEPT FOR THE LIMITED WARRANTY STATED ABOVE, THE EQUIPMENT IS PROVIDED "AS IS" WITHOUT WARRANTY OR CONDITION OF ANY KIND, EITHER EXPRESSED OR IMPLIED, AND THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE ARE SPECIFICALLY DISCLAIMED. IN ADDITION, SHOULD THE EQUIPMENT PROVE DEFECTIVE DUE TO MISUSE, ALTERATIONS OR MODIFICATIONS (INCLUDING MODIFICATIONS TO THE UNDERLYING SOFTWARE) BY YOU, OR SHOULD THE INSTALLED EQUIPMENT BE DAMAGED OR DESTROYED AS A RESULT OF RODENTS, ACTS OF NATURE, FIRE, WATER DAMAGE OR PROPERTY DAMAGE OR SHOULD THE EQUIPMENT BE STOLEN YOU (AND NOT RR OR ANY AUTHORIZED DEALER) ASSUME THE ENTIRE COST OF ALL NECESSARY SERVICING, REPAIR, REPLACEMENT OR CORRECTION.

As to any equipment previously installed in Client's store (pre-existing equipment), unless provided by RR according to this Agreement, including but not limited to speakers, amplifiers and tuners, said pre-existing equipment is the property and responsibility of the Client. RR shall not be responsible for removal of said pre-existing equipment and any resulting replacement costs, property damage or incidental damages/costs. Replacement of said equipment is the sole responsibility of Client. Furthermore, removal of said pre-existing equipment and any resulting damages or interference with RR's provided service shall in no way constitutee a breach of this Agreement.

(f) Termination. RR may terminate this Agreement and the license granted to You hereunder, immediately and upon written notice by certified mail to You upon Your breach of any provision of this Agreement.

(g) Copyright. Retail Radio takes a firm stance against copyright infringement and file sharing. The unauthorized, direct or indirect, copying of commercial music, voices and messaging including digitally stored music files and/or information, without the copyright holder's permission is strictly prohibited and subject to prosecution.

Client initials_____

4. **LIMITATION OF LIABILITY**

IN NO EVENT WILL RR OR ANYONE ELSE WHO HAS BEEN INVOLVED IN THE CREATION, PRODUCTION, USE, DELIVERY OR INSTALLATION OF THE EQUIPMENT AND INVOLVED IN PROVIDING RR'S AGREED TO SERVICES BE LIABLE TO YOU FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION ANY LOST PROFITS, SAVINGS, LOST OR DAMAGED DATA OR OTHER EQUIPMENT ARISING OUT OF THE USE OR INABILITY TO USE THE EQUIPMENT, EVEN IF RR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING LIMITATIONS OF LIABILITY SHALL APPLY NOTWITHSTANDING ANY FAILURE OF THE ESSENTIAL PURPOSE OF ANY LIMITED REMEDY OR ANY CLAIM BY YOU OR ANY OTHER PARTY. RR'S SOLE LIABILITY TO YOU OR ANY THIRD PARTY AND YOUR SOLE REMEDY ARISING OUT OF OR RELATED TO THIS CONTRACT HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE WILL NOT EXCEED THE LICENSE FEE PAID BY YOU FOR THE EQUIPMENT. SOME STATES DO NOT ALLOW THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES SO ALL OR A PORTION OF THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY TO YOU. **YOU AGREE AND WE AGREE THAT THIS LIMITATION OF LIABILITY REFLECTS A NEGOTIATED ALLOCATION OF RISKS BETWEEN YOU AND US AND IS AN ESSENTIAL PART OF THE CONSIDERATION FOR OUR PERFORMANCE OF THE AGREEMENT.**

5. **CONFIDENTIAL INFORMATION/NON-COMPETITION**

Client agrees that it will not, during or after the term of this Contract with RR, disclose the specific contract terms of RR's relationships or agreements with its or their respective significant vendors or customers or any other significant and material trade secret of RR's whether in existence or proposed, to any person, firm, partnership, corporation, or business for any reason or purpose whatsoever.

6. **ENTIRE CONTRACT/AGREEMENT; MODIFICATION**

This Contract constitutes the full and complete understanding of the parties hereto and will supersede all prior contracts, agreements and understandings, oral or written, express or implied, with respect to the subject matter hereof. Each party to this Contract acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by either party, or anyone acting on behalf of either party, which are not embodied herein and that no other contract, agreement, statement or promise not contained in this Contract shall be valid or binding. This Contract may not be modified or amended except by an instrument in writing signed by the party against whom or which enforcement may be sought.

7. **INDEMNIFICATION**

During the duration of the services sales contract and thereafter, the Client shall indemnify RR to the fullest extent permitted by law against any judgments, fines, amounts paid in settlement and reasonable expenses (including attorneys' fees), and advance amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted by law, in connection with any claim, action or proceeding (whether civil or criminal) against RR (other than a claim brought by RR) as a result of RR's services to the Client.

8. **SEVERABILITY**

Any term or provision of this Contract which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Contract or affecting the validity or enforceability of any of the terms or provisions of this Contract in any other jurisdiction.

9. **WAIVER OF BREACH**

The waiver by any party of a breach of any provision of this Contract, which waiver must be in writing to be effective, shall not operate as or be construed as a waiver of any subsequent breach.

10. **ASSIGNABILITY; BINDING EFFECT**

This Contract shall be binding upon and inure to the benefit of the Client, its successors and assigns and shall be binding upon and inure to the benefit of RR, its successors and assigns. This Contract may not be assigned by the Client. This Contract may not be assigned by RR except in connection with a merger or a sale by RR of its stock, interests or assets, and then only provided that the assignee specifically assumes in writing all of RR's obligations hereunder.

11. **ARBITRATION**

Any dispute or controversy arising under or in connection with this Contract, shall be settled exclusively by arbitration, conducted before a panel of three arbitrators in California, in accordance with the rules of the American Arbitration Association then in effect, and judgment may be entered on the arbitrator's award in any court having jurisdiction. The decision of the arbitrator shall be final and binding on the parties. The parties shall equally divide all costs of the American Arbitration Association and the arbitrator, except that the arbitrator shall direct Retail to reimburse Client's portion of the cost on the same basis as set forth in the next sentence with regard to legal fees. Each party shall bear its own legal fees in any dispute except that, in the event the Client prevails on any material issue, the arbitrator shall award the Client his/her legal fees attributable to all matters other than frivolous positions taken by the Client (as determined by the arbitrator).

12. **GOVERNING LAW**

All issues pertaining to the validity, construction, execution and performance of this Contract shall be construed and governed with the laws of the State of California, without giving effect to the conflict or choice of law provisions thereof.

13. **HEADINGS**

The headings in this Contract are intended solely for convenience or reference and shall be given no effect in the construction or interpretation of this Contract.

14. **COUNTERPARTS**

This Contract may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

15. **MULTIPLE LOCATIONS**

An additional page may be added to this Agreement for Client's additional locations for ease of business. Each additional location and its corresponding activation date will serve as a new Agreement reflecting the terms and conditions of this Agreement.

Client initials_____

RETAIL RADIO'S SERVICE SALES AGREEMENT
ADDENDUM A – LOCATION LIST

Locations: For ease of business, multiple locations can be added to the **Retail Radio's Service Sales Agreement** dated 3/1/13 (**Original Date**) ("Agreement") with the following Client: Franchisee #, company name or owner. Each new location will be subject to and governed by the terms of the Agreement, including but not limited to the fees specified therein. However, the duration or length of the contract is according to date that each new location commences Retail Radio service.

New additions to this page or additional pages will serve as an addendum to the Agreement. Each new location will require full signature & date in the "**Signature**" column by **Client** and written acceptance by **RR**.

For Businesses that require additional lines, a **signed** list of locations can be attached to this document and returned. The below spaces can be used for additions to the originally activated locations.

Location Address	Store #	Store Phone #	Start Date	Signature
Franchisee location address	franchised #			

Addendum: Added locations after the initial agreement will require a full signature & date in the signature column above.

Full Client Signature and date: ______________________________

Retail Radio

CREDIT CARD AUTHORIZATION FORM

(Retail Radio Executive: Fill in top portions before faxing to Client)

Date: _____

To: _____ Fax No: _____

Client Name: _____ (need before submitting)

Retail Radio Executive: _____

Phone No: _____Return Fax No: _____

PLEASE FILL IN ALL INFORMATION REQUESTED BELOW, SIGN, DATE AND FAX TO THE NUMBER ABOVE.
WE ALSO ACCEPT ACH OR BANK TO BANK PAYMENTS ASK YOUR ACCOUNT EXECUTIVE FOR DETAILS.

CARD TYPE: _____ EXPIRATION DATE: _____

ACCOUNT NO: _____ **(Please only provide the last 4 digits someone will contact you for the full number)**

CVC# (3 or 4 digit security number on back of card) _____

NAME ON CARD: _____

SIGNER'S NAME (if different from above):_____

BILLING ADDRESS (Billing address and phone number associated with this credit card is required.)

ADDRESS: _____

CITY/STATE/ZIP: _____

PHONE NUMBER: _____

AMOUNT TO BE CHARGED (START UP COST): $_____

IN PAYMENT OF THE FOLLOWING: _____

_____

APPROVED MONTHLY CHARGE: $_____

IN PAYMENT OF THE FOLLOWING: MONTHLY MUSIC SUBSCRIPTION

AUTHORIZED SIGNATURE: _____ DATE:_____

Cardholder acknowledges entering into music service contract in the amount shown here on and agrees to perform the obligations set forth in the Cardholder's agreement with the card issuer. This is a re-occurring charge according to Your contract. You will get a copy of the invoice e-mailed to You for reference.

THANK YOU FOR UTILIZING RETAIL RADIO!

Page 6 of 6

RECEIPT

(YOUR COPY – RETAIN FOR YOUR FILES)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If The Joint Corp. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

If The Joint Corp. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

The following franchise seller(s) will represent us in connection with the sale of our franchises: Chad Everts, Brian Markus, and Carol Lee (Name) at 16767 N. Perimeter Dr., Suite 240, Scottsdale, Arizona 85260 (Principal Address)
and (480) 245-5960 (Telephone Number).

Date of Issuance: March 28, 2014

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated _____. This Disclosure Document included the following Exhibits:

A. State Administrators/Agents for Service of Process
B. Franchise Agreement
C. Operations Manual– Table of Contents
D. Financial Statements
E. Confidentiality/Nondisclosure Agreement
F. Guaranty of Franchise Owner's Undertakings
G. List of Franchise Owners
H. General Release Agreement
I. Transfer Agreement
J. Form UCC-1 Financing Statement
K. State-Specific Addendum
L. Management Agreement
M. Amendment to Waive Management Agreement
N. State-Specific Disclosures
O. Required Vendor Agreements

_____
Signature of Potential Franchise Owner

_____ _____
Date Print Name of Potential Franchise Owner

You may return the signed receipt either by signing, dating, and mailing it to us at The Joint Corp., LLC, located at 16767 N. Perimeter Dr., Suite 240, Scottsdale, Arizona 85260, or by faxing a copy of the signed and dated receipt to us at (480) 513-7989.

Receipts

RECEIPT

(OUR COPY – SIGN, DATE AND RETURN TO US)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If The Joint Corp. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

If The Joint Corp. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

The following franchise seller(s) will represent us in connection with the sale of our franchises: Chad Everts, Brian Markus, and Carol Lee (Name) at 16767 N. Perimeter Dr., Suite 240, Scottsdale, Arizona 85260 (Principal Address)
and (480) 245-5960 (Telephone Number).

Date of Issuance: March 28, 2014

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated _____. This Disclosure Document included the following Exhibits:

A. State Administrators/Agents for Service of Process
B. Franchise Agreement
C. Operations Manual– Table of Contents
D. Financial Statements
E. Confidentiality/Nondisclosure Agreement
F. Guaranty of Franchise Owner's Undertakings
G. List of Franchise Owners
H. General Release Agreement
I. Transfer Agreement
J. Form UCC-1 Financing Statement
K. State-Specific Addendum
L. Management Agreement
M. Amendment to Waive Management Agreement
N. State-Specific Disclosures
O. Required Vendor Agreements

_____
Signature of Potential Franchise Owner

_____ _____
Date Print Name of Potential Franchise Owner

You may return the signed receipt either by signing, dating, and mailing it to us at The Joint Corp., LLC, located at 16767 N. Perimeter Dr., Suite 240, Scottsdale, Arizona 85260, or by faxing a copy of the signed and dated receipt to us at (480) 513-7989.

Receipts

FRANCHISE DISCLOSURE DOCUMENT

	**The Joint Corp.** **9383 East Bahia Drive, Suite 100** **Scottsdale, Arizona 85260** **Telephone (480) 245-5960** **www.thejoint.com**

We offer two types of franchises: 1) a single location franchise (referred hereto hereafter individually as a "Location" or collectively as "Locations"); and 2) a regional developer franchise (referred to hereafter individually as a "Regional Developer" or collectively as "Regional Developers"). Each Location will conduct business under the name of "The Joint…The Chiropractic Place™", and will provide chiropractic services to the general public. Regional Developers will recruit prospective Location franchises in a designated development area, and provide certain sales and support services to Location franchises located within a defined development area ("Development Area"). We are offering the right to operate a Regional Developer franchise under this Disclosure Document. Location franchises are offered under our separate disclosure document ("FDD for Locations").

The estimated total initial investment necessary to begin operations of your Regional Developer franchise will range from $160,000 to $326,450. This amount includes a Development Fee ranging from $150,000 to $300,000 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Chad Everts, The Joint Corp., 9383 E. Bahia Drive, Suite 100, Scottsdale, AZ 85260, (480) 245-5960.

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

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

Issuance Date: May 1, 2013

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 A 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:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN ARIZONA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT ARIZONA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MANY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: May 1, 2012, except for the States listed below.

The effective dates of registration of this Disclosure Document in these states are:

State	Effective Date
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	April 18, 2013
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

MICHIGAN SPECIFIC-NOTICE

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised 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' notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

(v) 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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

The Joint RD FDD - 2013

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F. List of Franchisees
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H. Transfer Agreement
I. State-Specific Disclosures
J. Receipts

The Joint RD FDD - 2013

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Joint Corp., a Delaware corporation, is offering prospective franchise owners the opportunity to operate a Regional Developer franchise in accordance with the terms described in this Disclosure Document. To simplify the language in this Disclosure Document, the terms, "We," "Us," "the Company," or "The Joint" mean The Joint Corp., the franchisor (but not the Company's officers, directors, agents or employees). "You" or "Franchise Owner" mean the person who buys a franchise from us. The term "Regional Developer" or "Regional Developers" mean one or several The Joint Regional Developer franchises. The term "Location" or "Locations" mean one or several The Joint single location franchises. If you are a corporation, partnership or other entity, our Regional Developer Agreement will also apply to your owners, officers and directors. Unless otherwise indicated, the term "Franchised Business" means a The Joint franchise.

The Franchisor, and any Parents, Predecessor and Affiliates

We are a Delaware corporation, created on March 10, 2010. Our predecessor for the purpose of this Disclosure Document was The Joint Franchise Co., LLC, an Arizona limited liability company organized on February 21, 2003. However, The Joint Corp. did not take over, or merge with, The Joint Franchise Co., LLC but merely bought the assets from The Joint Franchise Co., LLC, including the existing franchise agreements between The Joint Franchise Co., LLC and its franchisees. We have one affiliate, The Joint Corporate Unit No. 1, LLC, which is a unit franchise that is wholly-owned and operated by us. We do not have any other parents or affiliates.

Our principal business and mailing address is 9383 East Bahia Drive, Suite 100, Scottsdale, Arizona 85260. Our telephone number is (480) 245-5960 and our facsimile number is (480) 513-7989. We do not maintain a sales office at any location other than our principal places of business. We operate under our corporate name, The Joint Corp. We do not do business or intend to do business under any other names. Our agent for service of process is disclosed in Exhibit A to this Disclosure Document.

The principal business and mailing address of our predecessor, The Joint Franchise Co., LLC, was 4300 Paces Ferry Road, #125, Atlanta, Georgia, 30339.

Our Business

We grant franchises for the right to operate under the name "The Joint… The Chiropractic Place™" and other Marks designated by the Company from time to time. We refer to our proprietary and confidential system for the operation of The Joint Locations and Regional Developer franchises, together with the Marks, as "the System." You must offer all products and services that we may specify and may not offer any products or services we have not authorized. The Company is not engaged in any other business.

We currently offer and sell two types of franchises: 1) single location franchises for The Joint ("Location(s)"); and 2) regional developer franchises ("Regional Developer(s)"). Our predecessor began offering Location franchises in March 2003. We began offering Regional Developer franchises in February 2011. This Disclosure Document is for the Regional Developer franchise concept only, and does not contain information about the costs of opening or operating a Location franchise. Location franchises are offered under a separate Disclosure Document ("FDD for Locations"). Currently, we do not operate any company or affiliate -owned Location or Regional Developer franchises.

Location franchises specialize in providing chiropractic services and products to the general public. Regional Developer franchises recruit prospective Location franchises in a designated development area, and provide certain sales and support services to Location franchises located within a defined development area ("Development Area").

You must operate your Franchised Business at a site we approve and in accordance with the standards and procedures designated by the Company, and according to the Company's Operation Manual for Regional Developers, or other notices we send you from time to time ("the Manual for RDs"). (See Item 11).

Except where legally permissible, we will grant Location franchises only to licensed chiropractors, or to entities owned solely by licensed chiropractors. At least one licensed chiropractor must be present in the Location at all times, during the hours of business of the Location. A similar restriction does not apply to owners of Regional Developer franchises.

Market and Competition

The market for Locations franchises includes individuals who need chiropractic care. The competition for Location franchises includes other businesses offering similar products and services to individuals. These competitors may include other chiropractic clinics, physical therapy specialists, hospitals and other medical facilities and franchises.

Regional Developer franchises compete with other franchisors, regional developers, sales brokers and others offering franchises or other business opportunities. Prior business management experience is generally very important for new Regional Developers, and prior business ownership experience is highly desirable.

Laws and Regulations

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of Location franchises. For example, state licensing and certification requirements may apply to persons who perform services for or at a Location. Additionally, all records of the Franchised Business' patients are required to meet HIPAA compliance standards. In all cases, you must also comply with laws that apply generally to all businesses. You should investigate these laws, and consult with a legal advisor about whether these and/or other requirements apply to your franchise. There may be other laws and regulations in your state or county that may apply to your operation of the Franchised Business.

In addition to laws and regulations that apply to businesses generally, the Franchised Business may be subject to federal, state and local occupational safety and health regulations, state medical board regulations, Equal Employment Opportunity and Americans with Disabilities Act rules and regulations. Some jurisdictions may choose to regulate vigorously these and other laws that may adversely affect your ability to obtain the proper permits needed in order to open a Location franchise. Prior to signing a Regional Developer Agreement, we strongly recommend that you make sure that you will be able to obtain all necessary permits and licenses in order to operate the Franchised Business at your site.

ITEM 2

BUSINESS EXPERIENCE

John Leonesio – Director and Chief Executive Officer

Mr. Leonesio has served as CEO for The Joint since March 2010. Mr. Leonesio has also been the CEO of United Club Services ("UCS") located in Scottsdale, AZ since September 1999. He also has been the CEO for Firestorm 24/7 in Scottsdale, AZ since November 2008. Mr. Leonesio is the founder of Massage Envy where he served as the CEO from 2002 through 2008.

Ron Record - Chief Financial Officer and Chief Operating Officer

Mr. Record has served as Chief Operating Officer for The Joint since November 2012. Mr. Record served as our Chief Financial Officer from April 2010 until December 2012. Mr. Record is also the General Manager for United Club Services ("UCS") located in Scottsdale, AZ. He became the GM for UCS in April 2009. Prior to working for UCS, Mr. Record was the Director for The Lofton Companies located in Phoenix AZ from 2008 to 2009. From 2004 to 2008, Mr. Record was the CFO for Masterson & Clark located in Scottsdale AZ.

Joe Marshall – Chief Financial Officer

Mr. Marshall has served as Chief Financial Officer of The Joint since January 2013. Prior to becoming the CFO for The Joint, Mr. Marshall served as the CFO/VP Finance for Zep Solar from 2009 – 2012 in San Rafael, CA. From 2007 to 2009, Mr. Marshall served as a Principal for TBL Capital, a venture capital company located in Sausalito, CA.

Craig Colmar – Secretary and Director

Mr. Colmar has served as Secretary and a member of the Board of Directors for The Joint Corp. since March 2010. Mr. Colmar is currently a senior partner the Law Firm of Johnson and Colmar located in Bannockburn, IL, where he has been for over 30 years.

Steve Colmar – Director

Mr. Colmar has served as a member of the Board of Directors of The Joint Corp. since April 2010. Mr. Colmar has the President of Business Ventures Corp based in Austin, Texas since December 2006.

Richard Rees – Director

Mr. Rees has served as a member on the Board of Directors of The Joint Corp. since March 2010. Mr. Rees has been the Chief Operating Officer for Business Ventures Corp based in Austin, Texas since December 2006.

Matt Hale – Vice President of Operations and Construction

Mr. Hale has been the Vice President of Operations and Construction for The Joint Corp. since April 2010. From July 2008 to March 2010, Mr. Hale was the Vice President of Operations for Noodle Development, the franchisor of Nothing But Noodles, in Scottsdale, Arizona. From January 2003 to June 2008, Mr. Hale owned and operated a nationwide franchise called Nothing but Noodles in Chandler, Arizona

Chad Everts – Vice President of Sales and Real Estate

Mr. Everts became the Vice President of Sales and Real Estate for The Joint Corp. in April 2010. Mr. Everts co-founded Noodles Management in 2001, the franchisor of the restaurant concept "Nothing but Noodles", which has locations in 9 states. Mr. Everts served as the Co-Chief Executive Officer for Noodles Management located in Scottsdale, Arizona from 2001 until March 2010.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

You must pay us an initial Regional Developer development fee ("the Development Fee") ranging from $150,000 to $300,000, depending on the population of your defined Development Area. The formula used to determine the Development Fee for your Development Area is calculated by multiplying 25% of the then-current franchise fee for a Location franchise, times the number potential Location franchises within the proposed geographically defined Development Area. Our formula assumes a Location territory with a minimum population of approximately 100,000, and is an approximation, rather than an exact formula.

The initial Regional Developer development fee must be paid by wire transfer, cash or certified funds when you sign the Regional Developer Agreement. The initial Regional Developer franchise fee is uniform for all Regional Developer franchises we offer through this Disclosure Document. However, we reserve the right to modify the initial Regional Developer franchise fee in the future to reflect the changing costs of doing business and changes in the value of a Regional Developer franchise. We may also discount the initial Regional Developer development fee: (i) if a Regional Developer purchases multiple development areas, depending on the number of development areas purchased and their locations; (ii) if we are unable to locate a Regional Developer in a particular region we consider desirable; or (iii) based on other subjective factors we deem important to the System.

We incur significant administrative and other expenses in appointing you as a Regional Developer, including training costs, attorneys' fees for preparing your Regional Developer Agreement, and expenses related to our lost or deferred opportunities to enfranchise others. As a result, the initial Regional Developer fee is fully earned by us upon receipt and is nonrefundable.

ITEM 6

OTHER FEES*

Fee (1)	Amount	Due Date	Remarks
Regional Developer Advertising Cooperatives	Varies without limitation; based on a majority vote of the Cooperative	As required by the cooperative	Currently, no Advertising Cooperatives have been established (see Item 11).
Interest	Lesser of 15% per annum, or the highest commercial contract interest rate permitted by law	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of any amounts due us or our affiliates.
Computer System Fee (2)	$275.00	Monthly	Payable to cover the monthly cost of accessing our proprietary computer software and programs necessary to operate your franchise (See Item 11)
Audit Expenses	Cost of audit and inspection, plus any reasonable accounting and legal expenses	On demand	Payable if 2% or more discrepancy in amounts owed, or if you fail to submit required reports.
Late Reporting Fee	$100	10th day of the month following any month for which any required report is not timely submitted.	Payable if any report or other information required to be submitted to us is received by us after the established deadline.
Manual Replacement Fee	Currently $250 per Manual	On demand	Payable if your Manual for Locations or Manual for RDs is lost, destroyed, or significantly damaged. You must obtain a replacement copy at our then applicable charge.
Additional Training Fee	An amount set by us per attendee, per day, plus expenses	On demand	Payable for each person who attends any mandatory or optional additional training program or owners meeting held by us (see Item 11). We do not currently charge this fee.

Fee (1)	Amount	Due Date	Remarks
Management Fee	Up to 10% of Gross Revenues (3), plus costs and expenses, up to $300,000 for a 6-month time period	As incurred	Payable if we manage the franchise after you materially breach the Regional Developer Agreement, or we choose to purchase the franchise upon the expiration or termination of the Regional Developer Agreement.
Renewal Fee	25% of the original initial Regional Developer franchise fee for your Development Area	Upon renewal	Payable upon renewal of your Regional Developer Agreement.
Transfer Fee	$30,000 for the Development Area	At the time of transfer	Applies to any transfer of the Regional Developer Agreement, the franchise, or its assets, except transfers to a legal entity principally controlled by you.
Termination Fee (3)	One-half of our highest then-current development fee, plus our attorneys' fees and costs.	On demand	Payable if you terminate, or we terminate your franchise for cause, before your franchise term expires (2)
Insurance (4)	Amount of unpaid premiums and related costs	On demand	Payable only if you fail to maintain required insurance coverage and we pay premiums for you.
Legal Costs and Attorney's Fees	All legal costs and attorneys' fees incurred by us	On demand	Payable if we must enforce, defend our actions related to, or against your breach of, the Regional Developer Agreement.
Indemnification	All amounts (including attorneys' fees and costs) incurred by us or otherwise required to be paid	On demand	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership and operation of the franchise, your breach of the Regional Developer Agreement, or your non-compliance with any law or regulation.

Explanatory Notes:

Except for some product and service purchases (see Item 8) and advertising cooperative payments (see Item 11), all fees are uniform, and are imposed by, collected by, and payable to us. All fees are non-refundable.

1. You must pay all amounts due by automatic debit. You will be required to execute an ACH Authorization Form permitting us to electronically debit your designated bank account for payment of all fees payable to us as well as any amounts that you owe to use or our affiliates for the purchase of goods or services. You must ensure that there are sufficient funds available in your account for withdrawal before each due date.

2. The monthly access fee for to our computer system is currently $275/month. This fee allows the franchisee to access our intranet site, including, training programs and our propriety software. See Item 7 and 11 for additional information regarding Computer Systems.

3. You must pay the termination fee, plus any costs and attorneys' fees incurred by us, if you improperly attempt to terminate or close your franchise before your term expires, or we terminate your Regional Developer Agreement for any reason set forth in the Regional Developer Agreement. We may also recover from you any damages suffered by us (e.g., lost future revenues) resulting from your improper or wrongful termination of the franchise. Termination fees may be unenforceable in certain states. See Item 17 for additional information.

4. If you fail to pay the premiums for insurance required to operate your franchise, we may obtain insurance for you and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within ten (10) days of our request for reimbursement.

ITEM 7

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT*

Type of Expenditure	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is Made
Initial Regional Developer Development Fee (1)	$ 150,000	$ 300,000	Lump sum	Upon signing the RD Agreement	Us
Real property - rental (3 months) (2)	$ 0	$ 3,000	Monthly	As arranged	Landlord
Lease security deposit (2)	$ 0	$ 1,000	Lump sum	As arranged	Landlord
Construction Costs, Equipment and Fixtures (2)	$ 0	$ 5,000	As arranged	As arranged	Suppliers and contractors
Insurance (3)	$ 500	$ 1,000	As arranged	As incurred	Insurance company
Utility deposits (4)	$ 0	$ 500	As arranged	As incurred	Utility companies
Vehicle (5) (3 months)	$ 0	$ 1,200	As arranged	As incurred	Supplier
Professional service fees (6)	$ 500	$ 2,000	As arranged	As incurred	Professionals
Travel and living expenses during initial training (per person) (7)	$ 1,000	$ 1,500	As arranged	As incurred	Third parties
Filing fees (8)	$ 0	$ 750	As arranged	As incurred	State authority
Franchise sales advertising (3 months) (9)	$ 1,500	$ 3,000	As incurred	As incurred	Print advertisers
Computer system (10)	$ 1,500	$ 2,500	As arranged	As incurred	Suppliers
Additional funds (3 months) (11)	$ 5,000	$ 5,000	As incurred	As incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (12)	**$ 160,000**	**$ 326,450**			

Explanatory Notes:

*** These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Regional Developer franchise. Our estimates are based on our experience and the current requirements for Regional Developers. The actual investment you make in developing and opening your franchise may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations.**

1. We discuss the initial Regional Developer development fee in detail in Item 5 of this Disclosure Document. We and our affiliates do not offer any financing for this fee, and, except as mentioned in Item 5, is not refundable.

2. You may operate your Franchised Business from any location you choose. If you decide to operate your sales office from a leased premise, you will be required to pay rent and possibly, the cost of constructing, equipping and furnishing the sales office. Since the size and nature of each Regional Developer's sales office space will vary, an estimate is difficult. The estimate shown is for an office consisting of a reception area, one secretarial station, one conference room and two offices. The amount of your rent will vary according to the area, the type of office location (office building, strip center, or free-standing building), and various other factors. If you decide to operate out of a lease premises, you may also be required to pay a security deposit. In addition, in certain lease transactions, if you are an entity, the landlord may require your owners to personally guarantee the lease. Whether this fee is refundable depends on your agreement with your landlord.

3. You must obtain and maintain, at your own expense, insurance coverage for the vehicle(s) and any buildings you use or operate in connection with your franchise. Insurance costs depend on a variety of factors. Annual premiums are typically paid to the insurer immediately, with refunds being issued if you cancel the insurance. The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment history. Our insurance requirements are contained in our Manual for RDs.

4. If you decide to operate from a leased premise, you may be required to pay deposits for utilities. The amount of these deposits will vary depending on the practices of the utility companies and whether any impact or hook-up fees are required.

5. You may be required to purchase or lease a vehicle to conduct franchise sales activities. If you decide not to utilize your own vehicle we estimate it will cost you approximately $400 per month to cover the cost of your vehicle, tax, title, and licensing.

6. You may wish to retain the services of an attorney and other consultants to assist you in forming your business entity and in purchasing and establishing your Franchised Business. The cost of these services will vary depending on the different services providers.

7. You will incur expenses related to our initial Regional Developer training program. We provide a training program, a training location, instructors, and instructional materials. You will need to arrange for transportation, food, and lodging for your designated attendees. The costs you incur will depend on the distance you must travel and the type of accommodations you choose. *See* Item 11 of this Disclosure Document.

8. If the laws within your Development Area require you to be registered prior to undertaking your franchise development activities as required by the Regional Developer Agreement, there will be certain costs associated with this registration, including registrations fees. Registration fees vary from state to state.

9. We estimate that you will spend between $500 and $1000 each month to advertise the sale of Location franchises in your Development Area. The precise amount will be determined by the population of your Development Area after consultation with, and consent by, us. Advertising expenditures must be documented to us upon our request. This includes the cost of sales and marketing materials.

10. You must purchase a personal computer system and printer for your Franchised Business that is compatible with our computer equipment, so that you will be able to use our proprietary software, receive e-mail, use Internet and Intranet services, and receive other electronic information we send. We estimate the initial cost to purchase the computer system to be between $1,500 and $2,500. You will be required to pay a fee of $275/month for the continuing use and upgrade of our proprietary office management software. You will need to have an internet connection as part of your system. We estimate the cost of Internet service to be less than $20 and $30 per month, although DSL (high-speed) Internet access may cost between $50 and $75 per month. *See* Items 8 and 11 of this Disclosure Document.

11. You will need capital to support your on-going expenses like payroll, utilities and franchise sales advertising, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount shown will be sufficient to cover ongoing expenses for the start-up phase of the Franchised Business, which is three months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during or after this start-up phase. Our entry into the Regional Developer Agreement with you does not mean that you will be successful. We make no representations or warranties of success. The success of your Franchised Business is speculative and will depend, more than any other factor, on your ability as an independent business owner. Other factors may also positively or negatively affect your Franchised Business.

12. We encourage you to make a diligent investigation of the Regional Developer franchise opportunity. You should contact the Regional Developers listed on Exhibit F, and consult appropriate business advisors, like attorneys or accounts who are qualified to assist you in carefully evaluating these figures, before you make any decision to purchase a Regional Developer franchise from us.

13. Except as expressly mentioned above, none of the fees above are refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers

You must purchase specified products and services relating to or for the operation of your Franchised Business solely from suppliers (including distributors, manufacturers, and other sources) who have been approved in writing by the Company. You are not allowed to purchase any of these products or services from an unapproved or alternate supplier. When selecting suppliers, we consider all relevant factors, including the quality of goods and services, service history, years in business, capacity of supplier, financial condition, terms and other requirements consistent with other supplier relationships. However, the Company does not have any specific written criteria for supplier selection and does not intend at this time to prepare one. Therefore, the Company will not furnish its criteria for supplier approval to you. We maintain written lists of required products (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. All such products and approved vendors for our required products and services will be listed in the Manual for RDs, which must always be followed, even as modified and updated by the Company. Currently, we do not require our RDs to purchase any products, supplies or equipment from us.

Specifications and Standards

You must purchase certain products, supplies and equipment under specifications and standards that we periodically establish either in the Regional Developer Agreement, Manual for RDs, or other notices we send to you from time to time. These specifications are established to provide standards for performance, durability, design and appearance. We will notify you whenever we establish or revise any of our standards or specifications, or if we designate approved suppliers for products, equipment or services.

Our Involvement with Suppliers

While we and our affiliates currently have received no revenue or other consideration from suppliers in consideration for other goods or services that we require or advise you to obtain from approved suppliers, we reserve the right to do so in the future. We anticipate that any revenue or other consideration received would probably include promotional allowances, volume discounts, and other payments, and would probably be equal to zero to ten percent (0-10%) of the amount of the goods or services you purchase from the supplier. We expect that at least some of these arrangements will generally allow us to obtain discounts off standard pricing, and pass at least a portion of the savings on to you. We negotiate price terms and other purchase arrangements with suppliers for you for some items that we require you to lease or purchase in developing and operating your Regional Developer franchise. There currently are no purchasing and distribution cooperatives.

Effects of Compliance and Noncompliance

You must comply with our requirements to purchase or lease real estate, goods, and services according to our specifications and/or from approved suppliers to be eligible to renew your franchise. Failure to comply with these requirements will render you ineligible for renewal, and may be a default allowing us to terminate your franchise. We do not provide any other benefits to you because of your use of designated or approved services and products, or suppliers.

We may choose to negotiate purchase agreements for certain equipment or supplies. You may purchase such equipment or supplies from such designated suppliers or from any approved supplier on such terms as you negotiate. The Manual for RDs contains details relating to such purchases.

Insurance Specifications

Before you open your Location, you must obtain certain minimum insurance coverage, naming the Company as an additional insured. We may increase these limits or have new types of coverage added at any time after giving you notice. You must maintain this insurance coverage, as required by your Regional Developer Agreement, from a responsible carrier. Our current insurance requirements are summarized in the Manual for RDs. You must obtain your insurance necessary to operate your franchise from our required vendor. Currently, Brown & Brown Insurance is our required vendor for all insurance necessary to meet our specifications. We will not receive rebates or other consideration from Brown & Brown in connection the services provided to our franchisees.

Advertising Specifications

You must obtain our approval before you use any advertising and promotional materials, signs, forms and stationary unless we have prepared or approved them during the twelve (12) months prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from approved vendors only. Further, you must not engage in any advertising of your Franchised Business unless we have previously approved the medium, content and method.

Records

All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to the requirements set forth in Sections 6.11 and 6.12 of the RDA, as well as those contained in our Manual for RDs.

Computer-Related Equipment and Software

You must purchase a computer system and operating software that we specify from time to time. See Item 7 regarding the estimated initial cost of this equipment. You will also be required to pay a monthly fee of $275 for the continuing use and upgrade of our proprietary office management software. You will also be required to have access to a broadband Internet connection at all time.

We may require additional items to be purchased by the Franchise Owner from certain manufacturers or suppliers in the future. We will notify you of such requirements by sending to you such changes by modifying the Manual for RDs, or sending to you other written forms of communication.

Disclosure Document for Location Franchises

You must deliver a copy of our FDD for Locations to each potential Location franchisee. We will provide you with one copy of the FDD for Locations, although it is copyrighted, and you will not be licensed to reproduce it yourself without our prior written authorization. You must purchase additional copies of our FDD for Locations from our designated or approved supplier(s). Currently, only we are the designated or approved supplier of printed copies of our FDD for Locations. We will periodically provide you with a list of the designated or approved supplier(s) of our FDD for Locations. There is no alternate supplier due to the need to maintain strict control of the contents of our FDD for Locations.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Regional Developer Agreement 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.

Obligations	Section in Regional Developer Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 2.2 of RDA	Item 11
(b) Pre-opening purchases/leases	Sections 6.5 and 7 of RDA	Items 5, 7 and 8
(c) Site development and other pre-opening requirements	No provision of RDA	Items 7, 8, and 11
(d) Initial and ongoing training	Sections 5.1 of RDA	Item 11
(e) Opening	Section 2.2 of RDA	Item 11
(f) Fees	Sections 4, 5.2, 5.4, 6.5, 6.11, 7, 11.3(i), 15.2 and 15.15 of RDA	Items 5, 6 and 7
(g) Compliance with standards and policies	Sections 5.2 and 6 of RDA	Items 11 and 16
(h) Trademarks and proprietary information	Sections 9 and 10 of RDA; and Confidentiality Agreement (Exhibit E)	Items 13 and 14
(i) Restrictions on products/services offered	Section 5.2(a) of RDA	Item 16
(j) Warranty and Customer Service Requirements	Section 6.1of RDA	None
(k) Territorial Development And Sales Quotas	Section 2.1 of RDA	Item 12
(l) On-going product/services purchases	Sections 5.4, 5.8, and 6.5 of RDA	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 5.8 of RDA	None
(n) Insurance	Sections 6.5 and 6.6 of RDA	Item 7
(o) Advertising	Sections 5.8, 6.7, 6.8, and 6.9 of RDA	Items 6, 7, and 11
(p) Indemnification	Section 15.2 of RDA	Items 6, 13 and 17
(q) Owners Participation management/staffing	No provision of RDA	Items 11, 15 and 16
(r) Records/reports	Sections 6.11 and 6.12 of RDA	Item 6
(s) Inspections/audits	Section 5.7 of RDA	Item 6
(t) Transfer	Section 11 of RDA	Items 6 and 17

Obligations	Section in Regional Developer Agreement	Disclosure Document Item
(u) Renewal	Section 4 of RDA	Items 6 and 17
(v) Post-termination obligations	Section 13.2 of RDA	Item 17
(w) Non-competition covenants	Section 12 of RDA	Item 17
(x) Dispute resolution	Sections 14, 15.7, and 15.8 of RDA	Item 17
(y) Guaranty	Section 11.7	Item 15

ITEM 10

FINANCING

We do not offer any financing for your initial investment. We are unable to estimate whether you will be able to obtain financing for any of your investment and, if you are able to obtain financing, we cannot predict the terms of the financing. We do not receive payment from any person for obtaining or placing financing. We do not guarantee your obligations to third parties.

ITEM 11

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

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

Before your Regional Developer franchise opens for business, we or our designee will:

1. Within 45 days after you sign the Regional Developer Agreement, but not later than 30 days before you open your Regional Developer franchise for business, provide the initial training program for our Regional Developer franchises (Regional Developer Agreement – Section 5.1).

The Company's initial training program is available to all Regional Developer Owners and one additional person. Before opening for business, the Regional Developer Owner must attend and complete the initial franchise management-training program to the satisfaction of the Company. We provide this initial training free of charge to you; however, you must pay the wages, food, lodging and travel expenses for all of your attendees. The initial training program will last for approximately three (3) days, and will be conducted by us or our designee at our corporate headquarters in Scottsdale, Arizona, or another location we designate. We will also provide you with approximately three (3) days of on-site training at the location where you will operate your Regional Developer franchise. All persons who participate in our initial training program must complete it to our satisfaction.

Our initial training program currently includes the following:

TRAINING PROGRAM

Subject (1)	Hours of Classroom Training (2)	Hours of On the Job Training	Location
Introduction to Regional Developer Program	0.5		Scottsdale, AZ
Workflow of a Regional Developer	1.0		Scottsdale, AZ
Finding and marketing to qualified leads	1.0		Scottsdale, AZ
Present the Franchise Offer	1.0		Scottsdale, AZ
Construction Process	2.0		Scottsdale, AZ
Vendors Briefing	2.0		Scottsdale, AZ
Timeline to Opening	2.0		Scottsdale, AZ
Review the Manuals	2.0		Scottsdale, AZ
Software	2.0	4.0	Scottsdale, AZ and Onsite
Clinic Tracking	1.0		Scottsdale, AZ
Accounting 101	1.0		Scottsdale, AZ
Vendor Meetings	3.0		Scottsdale, AZ
Sales Techniques	1.0	1.0	Scottsdale, AZ and Onsite
Staff		1.0	On-Site
New Patrons		2.0	On-Site
Adjusting / Technique		3.0	On-Site
Daily Operational Duties		3.0	On-Site
Communication Levels		2.0	On-Site
Patron Education		2.0	On-Site
Marketing and Advertising	2.0	2.0	Scottsdale, AZ and On-Site
TOTAL HOURS	**21.5**	**20.0**	

The Joint RD FDD - 2013

Explanatory Notes:

(1) Most of these subjects are integrated throughout the approximately six (6) day training program (comprised of 21.5 hours of classroom training and 20.0 hours of on-site training). We plan to be flexible in scheduling training. There currently are no fixed (i.e., monthly or bi-monthly) training schedules.

(2) The instruction materials for our training programs include handouts, computer training, the Manuals, group discussions, and lectures.

(3) Although the individual instructors of the training program may vary, all of our instructors have significant at least 2 years of experience in their designated subject area. The following are our main instructors:

- Matt Hale – Vice President of Operations and Construction
- Chad Everts – Vice President of Sales and Real Estate
- Shawn Allen, DC – Operations Trainer

2. Lend to you one copy of our Manual for RDs, which contains our mandatory and suggested specifications, standards and procedures for operating Regional Developer franchises (Regional Developer Agreement – Section 5.2). Exhibit C to this Disclosure Document sets forth the Table of Contents for our Manual for RDs. We will also lend you one copy of our Operations Manual for Location franchises ("Manual for Locations"), which contains our mandatory and suggested specifications, standards and procedures for operating Location franchises. Exhibit C to this Disclosure Document also sets forth the Table of Contents for our Manual for Locations. Together, the Manual for RDs and Manual for Locations are referred to as the "Manuals". We may modify the Manuals periodically to reflect changes in System Standards, or as we deem appropriate. If your copy of either Manual is lost, destroyed or significantly damaged, then you must obtain a replacement copy at our then applicable charge (see Item 6). You may view our Manuals at our corporate headquarters before purchasing your Regional Developer franchise, but must first sign a Confidentiality/Non-Disclosure Agreement (Exhibit E) promising not to reveal any of the information contained in the Manuals without our permission. See Item 14 for additional information about our Manuals and Exhibit C.

3. Prepare and/or register any disclosure documents or other documentation that must be prepared, amended, or registered for you to fulfill your responsibilities to solicit, recruit, and screen prospective franchisees (Regional Developer Agreement – Section 5.4). Federal and state franchise or business opportunity laws govern the sale and offering of Location franchises, and may require the preparation, amendment, registration, or registration of all certain documentation and disclosures relating to the Location franchises offered in your Development Area (the "Documentation") before you can solicit prospective franchisees. While we will prepare and register all Documentation necessary for you to begin soliciting prospective franchisees, you must provide us with any documentation or information we may need to prepare or register the Documentation, and will be responsible for all costs applicable to you. You must review and become fully familiar with all Documentation related to franchises sold in your Development Area. Before soliciting a prospective franchisee, you must take reasonable steps to confirm that the information contained in the Documentation or other materials related to the offer or sale of Location franchises is true, correct, and not misleading, or in violation of applicable state law related to registration of the Documentation.

4. Review and approve or disapprove your advertising, marketing, and promotional and/or website materials (Regional Developer Agreement – Sections 6.8 and 6.9). See the remainder of this Item 11 for additional information about our advertising-related requirements and approval process.

Post-Opening Obligations:

After your Regional Developer franchise opens for business, we or our designee will:

1. As we deem appropriate, provide you with additional or refresher training programs (Regional Developer Agreement – Section 5.1). You will be required to participate in periodic webinars and sales calls scheduled by us for Regional Developer franchises. We may require you to attend up to two (2) additional or refresher training courses each year at our corporate offices, or another location we designate. You may also be required to attend a national business meeting or convention of up to three (3) days each year. We will determine the location, frequency, and instructors of these training programs. We may charge reasonable fees for any courses, conventions, webinars, sales calls, and programs (see Item 6). You must also pay for all travel, lodging, meal, and personal expenses related to your attendance and the attendance of your personnel.

2. Continue lending to you a copy of our Manual for RDs and Manual for Locations (Regional Developer Agreement – Sections 5.2).

3. Provide you with general guidance though bulletins or other written materials (Regional Developer Agreement – Section 5.2).

4. If we agree to do so, provide you with additional or special guidance, training, or assistance that you request (Regional Developer Agreement – Section 5.1). If we provide this training, you must pay all of our then-applicable charges, including all per-diem fees and travel, lodging, meal, and living expenses of our personnel. See Item 6 for additional information.

5. As necessary, amend, maintain, or renew any Documentation and/or registrations necessary for you to continue to solicit prospective franchisees (Regional Developer Agreement – Section 5.4).

6. Approve or disapprove prospective Location franchisees (the "Prospective Franchisees") recommended by you, and their proposed franchise locations (Regional Developer Agreement – Section 5.5). You must advertise for, solicit, recruit, and screen Prospective Franchisees to purchase Location franchises in your Development Area. You must investigate each Prospective Franchisee and its proposed Location franchise site to determine if they meet our standards and policies. After ensuring that a Prospective Franchisee meets our standards, you may recommend to us the approval of the Prospective Franchisee. You must provide us with all information that we may request to evaluate your recommendation. We may approve or reject a Prospective Franchisee for any reason. If we disapprove any Prospective Franchisee, we will notify you in writing of our reasons for the disapproval. If we approve the Prospective Franchisee, you must provide the Prospective Franchisee with a copy of our then-current Franchise Agreement for the Prospective Franchisee to sign.

7. Review and approve or disapprove your advertising, marketing, and promotional and/or website materials (Regional Developer Agreement – Sections 6.9 and 6.10). See the remainder of this Item 11 for additional information about our advertising-related requirements and approval process.

8. Pay you any compensation that you are owed under the Regional Developer Agreement (Regional Developer Agreement – Section 8).

9. Allow you to continue using our Marks and confidential information in operating your Regional Developer franchise (Regional Developer Agreement – Sections 9 and10). See Items 13 and 14 for additional information.

10. Indemnify you against damages and expenses you incur in a trademark infringement proceeding disputing your authorized use of any Mark in compliance with the Regional Developer Agreement (Regional Developer Agreement – Section 9.5). See Item 13 for additional information.

11. If we establish a local or regional advertising cooperative that covers all or any part of your Development Area, approve or disapprove any advertising, marketing, or promotional materials created by the cooperative (Regional Developer Agreement – Section 6/7). Though there currently are no local or regional cooperatives, we may create a cooperative to support the advertising and marketing needs of their respective members. See Items 6, 8, and the rest of this Item 11 for additional information about the local and regional advertising cooperatives that we may create.

Advertising and Marketing

Advertising by You

You may develop, at your cost, advertising and promotional materials for your use, but may not use them until after we have approved them in writing. You must submit to us for our approval samples of all advertising and promotional materials not prepared or previously approved by us that you wish to use. We will not unreasonably withhold our approval. If you do not receive our written disapproval within 15 days from the date we receive the materials, the materials will be deemed to have been approved. Any materials submitted to us for approval will become our intellectual property. (Regional Developer Agreement – Section 10). We anticipate that you will spend between $500 and $1,000 a month in advertising in your Development Area.

If one is created, then you are also required to join and participate in The Joint Advertising Cooperative ("Co-op"), which is an association of all other franchise owners whose Franchised Businesses are located within your Area of Dominant Influence ("ADI"). An ADI is an exclusive geographic market area used as a device to measure the market covered by a radio or television station and determined by which station receives the most viewing hours. The population within this area receives the same programming. One function of the Co-op is to establish a local advertising pool, of which the funds must be used for Location franchises and/or Regional Developer franchises advertising only and for the mutual benefit of each Co-op member. The Franchise Owner must contribute to the pool in accordance with the rules and regulations of the Co-op, as determined by its members. Amounts contributed to the advertising pool by a Franchise Owner may be considered as spent for local advertising, and therefore toward the minimum local advertising requirement that we establish in the future. (Regional Developer Agreement – Section 6.7)

Advertising by Us

We may create an advertising fund ("Ad Fund") for our Location franchises to accomplish those advertising and promotional programs we deem necessary or appropriate. We do not intend to create an Ad Fund for our Regional Developer franchises. We may increase or decrease each Location franchises contributions to the Ad Fund upon 30 days written notice. There is currently no Ad Fund for Location franchises. Currently, we do not charge an Ad Fund fee, but reserve the right to do so in the future.

We will direct all marketing programs financed by any Ad Fund, and will have sole discretion over the creative concepts, materials and endorsements used by any Ad Fund, and the geographic, market, and media placement and allocation of any Ad Fund. An Ad Fund may be used to pay the costs of administering regional and multi-regional advertising programs, including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. We will not use Ad Fund contributions for advertising that is principally a solicitation for the sale of franchises.

An Ad Fund will be accounted for separately from our other funds, and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead that we incur in activities reasonably related to the administration of the Ad Fund and its marketing programs, including preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Ad Fund in that year, and the Ad Fund may borrow from us or other lenders to cover the Ad Fund's deficits, or invest any surplus for future use by the Ad Fund. We will prepare an annual statement of monies collected and costs incurred by an Ad Fund, and will provide it to you upon written request.

We may cause an Ad Fund to be incorporated or operated through an entity separate from us when we deem appropriate, and the entity will have the same rights and duties as we do under a Franchise Agreement or Regional Developer Agreement (as the case may be). If established, an Ad Fund will be intended to enhance recognition of the Marks and patronage of The Joint franchises, or enhance the franchise opportunities available through our franchises. Although we will endeavor to use an Ad Fund to develop advertising and marketing materials and programs and place advertising that will benefit all franchises, we do not have to ensure that the Ad Fund's expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by any franchises in that geographic area, or that any franchises will benefit from the development of advertising and marketing materials or the placement of advertising by the Ad Fund directly or in proportion to the franchise's contribution to the Ad Fund. We assume no direct or indirect liability or obligation to you or any other franchise in connection with the establishment of an Ad Fund, or the collection, administration, or disbursement of monies paid into an Ad Fund.

We may suspend contributions to, and the operations of, an Ad Fund for any period we deem appropriate, and may terminate an Ad Fund upon 30 days' written notice to you. All unspent monies held by an Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other franchisees in proportion to each party's respective contributions to the Ad Fund during the preceding 12-month period. We may reinstate a terminated Ad Fund upon the same terms and conditions set forth in a Franchise Agreement upon 30 days' advance written notice to you.

As of the date of this Disclosure Document, there is no Ad Fund or Advertising Co-ops. The Company has the right to create such organizations and to decide how they will be run. It may do so in the future. The specific manner in which they will be organized and governed has yet to be determined.

Website

You must also obtain our prior written approval to operate a website separate from our website. You must submit to us for our approval samples of the proposed website's domain name, format, and visible and non-visible content before using or changing the website. Your website must include all information or hyperlinks that we require. We may revoke our approval of a previously approved website at any time. (Regional Developer Agreement – Section 6.10)

Computer System

You must use the computer hardware and software (collectively, "Computer System") that we periodically designate to operate your Regional Developer franchise. (Regional Developer Agreement – Section 6.12) You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may include or be limited to us and/or our affiliates). (See Items 6 and 7 for more information regarding the cost and fees associated with the Computer System) We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Computer System. The Regional Developer Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within 60 days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We may charge you a reasonable fee for (i) installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System-related maintenance and support services that we or our affiliates provide to you. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require. See Items 6 and 7 for information regarding the cost of required computer software, and the monthly fees associated with operating your Computer System

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded.

Your Computer System must be capable of supporting our required software, with internet capability. You will also be required to purchase certain software, and to pay monthly charges associated with your Computer System. Currently, you will need a Dell Vostro 230 Slim Tower, or an equivalent computer, and a standard monitor, in order to run our proprietary office management software. You will also need a printer that is compatible with your computer and our software. The Computer System is used to track and store all data relating to the operation of your franchise and the franchises in our system. We have the right to access all information stored on your Computer System which relate to your franchise.

We estimate the cost of purchasing the Computer System and related software will range from $1,500 to $2,500. In addition to the cost of purchasing the hardware and software associated with the Computer System, you will be required to pay reoccurring charges associated with the continuing use and upgrade of our proprietary office management software. Currently this fee is $275/month but is subject to change. You will also be required to pay the monthly cost of maintaining high speed internet access at your site. We estimate that this cost will be between $20 and $75 a month depending on the internet service provider.

Periodic Inspections

You must operate your Regional Developer franchise in accordance with the Regional Developer Agreement and the Manual for RDs. We reserve the right to conduct period inspections of your Franchised Business to ensure that you are in compliance with your Regional Developer Agreement, Manual for RDs, and our other written directives and standards. We may terminate your Regional Developer Agreement if you do not operate your business in compliance with the Regional Developer Agreement or the Manual for RDs.

Time to Open

You must open your Regional Developer franchise within 45 days after you receive your initial training from us, or 90 days after signing your Regional Developer Agreement, whichever occurs first. (Regional Developer Agreement – Section 2.2) We estimate that Regional Developer franchises will typically open for business approximately 2-3 months after signing the Regional Developer Agreement. Factors affecting this length of time include locating a site and signing a lease, if you choose to operate from a leased premises, construction or remodeling of the site, completion of required training, financing arrangements, local ordinance and building code compliance, delivery and installation of equipment or supplies, and hiring and training of your staff.

ITEM 12

TERRITORY

Your Regional Developer Agreement grants you an exclusive Development Area, the specific size and location of which depend on population demographics, your capacity to recruit prospective Location franchisees and provide Support Services in the Development Area, and the number of Location franchises we believe the Area can sustain. You and we will mutually agree on your Development Area when you sign the Regional Developer Agreement. There is no specific minimum or maximum area that we must include in your Development Area. Your Development Area may not be changed unless you and we both agree to the change in writing.

If you are in compliance with your Regional Developer Agreement, then we and our affiliates will not operate, establish, grant, or operate in your Development Area another Regional Developer franchise offering Location franchises, or any Location franchises not required to be developed under your Regional Developer Agreement. The continuation of your territorial exclusivity depends upon your compliance with the minimum development obligations defined in your Regional Developer Agreement.

Your territorial exclusivity is limited to the total number of franchises you are authorized to develop in your Development Area at the time of signing your Regional Developer Agreement. You have the option to purchase the right to develop additional Location franchises within your Development Area, and receive additional territorial protection for any additional Location franchises you purchase within your Development Area. However, if you choose not to exercise the right to purchase the rights to develop additional Location franchises within your Development Area, we retain the right develop or sell the right to develop additional Location franchises within your Development Area, and you will not receive any compensation or royalty fees for such Location franchises.

You may solicit prospective Location franchisees residing outside your Development Area but interested in opening a franchise within your exclusive Development Area without having to pay any special compensation to us or any other Regional Developer. Likewise, Regional Developer outlets owned by us, our affiliates (if applicable), or other Regional Developers may solicit prospective franchisees residing in your Development Area but interested in opening a franchise in another Development Area without having to pay you any special compensation. You may not solicit prospective franchisees for a Location franchise located outside of your exclusive Development Area. We will forward to you any leads or referrals that we receive from prospective franchisees interested in purchasing a Location franchise in your Development Area, and you will be entitled to the compensation referred to in Item 11 only if these prospective franchisees purchase a Location franchise in your Development Area.

Company Reserved Rights

We and our affiliates reserve the right to engage in any activities we deem appropriate that your Regional Developer Agreement does not expressly prohibit, whenever and wherever we desire, including the right to:

(a) establish and operate Location and Regional Developer franchises, and granting rights to other persons to establish and operate Location or Regional Developer franchises, on any terms and conditions we deem appropriate and at any locations other than within the Development Area;

(b) provide and grant rights to other persons to provide, goods and services dissimilar to and/or not competitive with those provided by Location franchises to customers located within your Development Area;

(c) acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Location franchises, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including within your Development Area; and

(d) be acquired (regardless of the form of transaction) by a business providing products and services similar to those provided at Location franchises, or by another business, even if such business operates, franchises and/or licenses competitive businesses within your Development Area.

ITEM 13

TRADEMARKS

The Company grants you the right and license to use the Proprietary Marks and the System solely in connection with your Franchised Business. You may use our trademark "The Joint… The Chiropractic Place™" and design and such other Proprietary Marks as are designated in writing by the Company for your use. In addition, you may use them only in the manner authorized and permitted by the Company and you may not directly or indirectly contest the Company's ownership of or rights in the Proprietary Marks.

"The Joint…A Chiropractic Place®" is a service mark registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") on March 2, 2004 under Registration Number 2819916. "The Joint… The Chiropractic Place™" is a service mark registered on the Principal Register of the USPTO on February 22, 2011 under Registration Number 3922558. Currently, we have registrations pending for two additional marks. The first is for the words, letters and stylized form of "The Joint…The Chiropractic Place", serial number 85714393, filed on August 27, 2012. The second is for the standard character mark "The Joint We've Got Your Back", serial number 85694207, filed on August 2, 2012. All required affidavits have been filed.

There are no agreements currently in effect that significantly limit the Company's right to use or license the use of the Proprietary Marks in a manner material to the franchise. The logo is part of the Company's Proprietary Marks. With respect to the Marks, there are currently no effective material determinations of the UPSTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding.

The Company will indemnify against or reimburse for expenses you incur in defending claims of infringement or unfair competition arising out of your use of the Proprietary Marks. You are required to notify the Company immediately when you become aware of the use, or claim of right to, a Proprietary Mark identical or confusingly similar to our Proprietary Marks. If litigation involving the Proprietary Marks is instituted or threatened against you, you must notify the Company promptly and cooperate fully with the Company in defending or settling the litigation. The Company, at its option, may defend and control the defense of any proceeding relating to any Proprietary Marks.

The Company has no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchise Owner's use of the Proprietary Marks in any state.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Rights

The Company owns no rights in or to any patents that are material to the franchise.

Copyrights

The Company claims a copyright and treats the information in the Manuals as confidential trade secrets, but you are permitted to use the material as part of your Franchised Business.

Confidential Operations Manuals

Under the Regional Developer Agreement, you must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual for RDs. You will be loaned a copy of the Manual for RDs and Manual for Locations for the term of the Regional Developer Agreement, when you have completed the initial training program to our satisfaction. You must operate your Regional Developer franchise strictly in accordance with the Manual for RDs, as it may be revised by the Company from time to time. You must at all times, treat the Manuals and the information in them, as well as any other materials created for or approved by use for the operation of your Franchised Business, as confidential, as required by the Regional Developer Agreement. You must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manuals will remain our sole property and must be returned in the event that you cease to be a Regional Developer franchise owner.

We may from time to time revise the contents of the Manual for RDs and Manual for Locations, and you must comply with each new or changed provision in the Manual for RDs. You must ensure that our Manuals are kept current at all times. In the event of any dispute as to the contents of the Manual for RDs, the terms of the master copies maintained by us at Company's home office will be controlling.

Confidential Information

The Regional Developer requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques and know-how designated or treated by the Company as confidential and includes the Manuals. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by the Company. Under the Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Regional Developer Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Regional Developer Agreement. See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchised Business.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You must personally participate in the direct operation of your Regional Developer franchise. If you do not personally participate in the direct operation of your franchise on a full-time basis, then you are obligated to have a fully trained Manager operate the franchise. While we do not require that your Manager have an equity interest in the franchise, we believe that only a person with an equity interest can adequately ensure that our standards of quality and competence are maintained. The Regional Developer Agreement requires that you be directly involved in the day-to-day operations and utilize your best efforts to promote and enhance the performance of the Franchised Business. While in most cases Franchise Owners will seek additional assistance for the labor-intensive portions of the business, we have built our reputation on Franchise Owner participation and believe it is crucial for continued success.

Any Manager you employ at the launching of your franchise operations must complete the initial management-training course required by the Company. All subsequent Managers must be trained fully according to our standards by either the Franchise Owner or the Company. However, the Company may charge a fee for this additional training. See Item 6 and the Manual for RDs for details.

Each individual who holds an ownership interest in the Franchise Owner must personally guarantee all of the obligations of the Franchise Owner under the Regional Development Agreement. (See Exhibit 4 to the Regional Developer Agreement - Owner's Guaranty and Assumption of Obligations)

At the Company's request, you must obtain and deliver executed covenants of confidentiality and non-competition from any persons who have or may have an ownership interest in the Franchise Owner or in the franchise, or who receive or have access to training and other confidential information under the System. The covenants must be in a form satisfactory to us, and must provide that we are a third party beneficiary of, and have the independent right to enforce the covenants.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual for RDs and in other writings by the Company from time to time. You must use your Regional Developer franchise sales office only for the operation of the Franchised Business and may not operate any other business at or from such office without the express prior written consent of the Company.

The Company requires you to offer and sell only those goods and services that the Company has approved. The Company maintains a written list of approved goods and services in its Manual for RDs, which the Company may change from time to time (see Item 11 in this Disclosure Document).

You must offer all goods and services that the company designates as required for all franchises. In addition, the Company may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before the Company will allow you to offer certain optional services.

We reserve the right to designate additional required or optional services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no express limitations on our right to designate additional or operational services; however, such services will be reasonably related to our franchise system or model.

See Items 8, 9, 11 and 12 for more information about your obligations and restrictions.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the Regional Developer Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Regional Developer Agreement	Summary
a. Length of the term of the franchise	Section 4	10 years, subject our option to repurchase your Regional Developer franchise after three (3) full years.
b. Renewal or extension of the term	Section 4	Your renewal rights permit you to remain a Regional Developer after the initial term of your Regional Developer expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to one (1) renewal term of 10 years.
c. Requirements for you to renew or extend	Section 4	You must: have substantially complied with Regional Developer Agreement; give notice of intent to renew; sign new Regional Developer Agreement in our then current form which may include terms and conditions materially different from those in the original Regional Developer Agreement, including (e.g., no further renewals, higher royalty fees, etc.; sign general release of claims against us and related parties (see Exhibit G); pay the applicable renewal fee (see Item 6); cure any defaults; and pay all amounts owed to us.
d. Termination by you	No provision	You may terminate the Regional Developer Agreement on any grounds available at law.
e. Termination by us without cause	No provision	Not applicable.
f. Termination by us with cause	Section 13.1	Only upon written notice to you.
g. "Cause" defined – curable defaults	Section 13.1	You do not pay us amounts due within 10 days after written notice; or you do not comply with any other provision of the Regional Developer Agreement within 30 days after written notice of default.

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the Regional Developer Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Regional Developer Agreement	Summary
h. "Cause" defined – defaults which cannot be cured	Section 13.1	You make an unauthorized transfer; you fail to meet your minimum development obligation for any development period; you make material misrepresentation or omission in acquiring or operating the franchise; you do not satisfactorily complete initial training; you are convicted of or plead guilty to a felony; you fail to maintain required insurance; you engage in dishonest, unethical, or illegal conduct, or any conduct that we believe adversely affects the reputation of us, our franchises, or goodwill of the Marks; you knowingly make unauthorized use or disclosure of the Manuals or Confidential Information; you fail on 2 or more occasions in any 12-month period or 3 or more separate occasions in any 24-month period to timely pay amounts due or submit required reports, or comply with the Regional Developer Agreement; you become insolvent, or make an assignment for the benefit of creditors; or any attachment or seizure of the franchise assets is not vacated within 30 days.
i. Your obligations on termination/non-renewal	Section 13.2	You must cease using our Marks and Confidential Information; cease identifying yourself as our franchisee; cancel fictitious or assumed names related to your use of the Marks; deliver to us within 30 days all advertising, forms, and other materials containing the Marks or related to the franchise; notify search engines of termination and your right to use domain names, websites, or other search engines related to the Marks or our franchises; and provide us with evidence of your compliance with the above obligations within 30 days of termination.
j. Assignment of contract by us	Section 11.1	Fully transferable by us.
k. "Transfer" by you - defined	Section 11.2(b)	Transfer includes: any voluntary, involuntary, direct or indirect assignment, sale, or gift of the franchise; transfer of ownership, merger, exchange, issuance of additional ownership interests, redemption of ownership interests, or sale of exchange of voting interests in you (if you are a legal entity); transfer of interest in the Regional Developer Agreement, you, the franchise, or its assets because of divorce, insolvency or dissolution, or operation of law; transfer because of the death of you or an owner of you; or any pledge of the Regional Developer Agreement or ownership interest in you.

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the Regional Developer Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Regional Developer Agreement	Summary
l. Franchisor approval of transfer by franchisee.	Section 11.2(b)	Any assignment or transfer without our approval is a breach of this Agreement and has no effect.
m. Conditions for our approval of transfer by you	Section 11.3 and 11.4	You must pay all amounts owed to us; new owner assumes your obligations; new owner, its affiliates, and its owners do not have any interest in or work for a competitive business; new owner completes or agrees to complete initial training; new owners signs our then-current Regional Developer Agreement and ancillary agreements; new owner has strictly complied with obligations to us and is not in default of those obligations; you pay us a transfer fee (see Item 6); you sign a transfer release (see Exhibit H); you do not identify yourself as current or former franchisee of ours, or use any Mark. You may transfer the franchise and its assets to a newly formed legal entity principally controlled by you and your principals if the new entity operates the franchise and complies with the Regional Developer Agreement, and you provide information about the transfer to us and the entities owners.
n. Our right of first refusal to acquire your business	Section 11.6	We have 15 days to match any offer.
o. Our option to purchase your business	No provision	None
p. Your death or disability	Section 11.5	Executor, administrator, or other representative must transfer interest of franchisee or owner within 9 months of your or an owner's death or disability. All transfers are subject to provisions in Regional Developer Agreement regulating transfers.
q. Non-competition covenants during the term of the franchise	Section 12.1	Neither you, your principals, nor any immediate family members of you or them may perform services for or have any interest in any competitive business.

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the Regional Developer Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Regional Developer Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 12.2	Neither you, your principals, nor any immediate family members of you or them may perform services for or have any interest in any competitive business within the Development Area, the Development Area of any other Regional Developer, or within 25 miles of any Location franchise, for 18 months.
s. Modification of the agreement	Section 15.11	No modifications unless you and we both sign; we may amend Manual for RDs at any time.
t. Integration/merger clause	Section 15.11	The Regional Developer Agreement supersedes all prior agreements, representations, and promises. However, nothing in the Regional Developer Agreement will have the effect of modifying or limiting the representations made in this Disclosure Document or any of its attachments or addenda.
u. Dispute resolution by arbitration or mediation	Section 14	Except for certain claims, you and we must arbitrate all disputes in Maricopa County, Arizona (subject to state law).
v. Choice of forum	Section 15.8	Maricopa County, Arizona (subject to state law).
w. Choice of law	Section 15.7	Arizona law governs, except for matters regulated by the United States Trademark Act (subject to state law).

Additional Information

These states have statutes that may supersede the Regional Developer Agreement in your relationship with the Company including the areas of termination and renewal of your franchise:

Arkansas - Stat. Sec. 70-807; California - Bus. & Prof. Code Sections 20000-20043; Connecticut -Gen. Stat. Section 42-133e et seq.; Delaware - Code, tit.; Hawaii - Rev. Stat. Section 482E-1; Illinois - Rev. State Chapter 121 1/2, par. 1719-1720; Indiana - Stat. Section 23-2-2.7; Iowa - Code Sections 532H.1-523H.17; Georgia - Stat. Section 19.854(27); Minnesota - Stat. Section 80C.14; Mississippi - Code Section 75-24-51; Missouri - Stat. Section 407.400; Nebraska - Rev. Stat. Section 87-401; New Jersey - Stat. Section 56:10-1; South Dakota - Codified Laws Section 37-5A-51; Virginia - Code 13.1-557-574 - 13.1-564; Washington - Code Section 19.100.180; Wisconsin - Stat. Section 135.03.

See Exhibit J for a list of state-specific disclosures and requirements.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote the Regional Developer franchise. You have no right to use the name of any public figure for purposes of promotional efforts, advertising or endorsements, except with our prior written consent. No public figure has any investment in the System or us.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting us, Chad Everts, The Joint Corp., 9383 E. Bahia Drive, Suite 100, Scottsdale, AZ 85260, telephone (480) 245-5960, the Federal Trade Commission, and any appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION
(Regional Developers)

Table No. 1
Systemwide Outlet Summary
For Years 2010 to 2012

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2010	0	0	0
	2011	0	7	+7
	2012	7	16	+9
Company-Owned	2010	0	0	0
	2011	0	0	0
	2012	0	0	0
Total Outlets	2010	0	0	0
	2011	0	7	+7
	2012	7	16	+9

Table No. 2
Transfers of Outlets From Franchises to New Owners
(Other than the Franchisor)
For Years 2010 to 2012

State(s)	Year	Number of Transfers
Salt Lake City, UT/	2010	0
Reno, NV/ Boise Idaho	2011	0
Territory	2012	1
Total	2010	0
	2011	0
	2012	1

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Table No. 3
Status of Franchised Outlets*
For Years 2010 to 2013

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
California –	2010	0	0	0	0	0	0	0
Los Angeles	2011	0	1	0	0	0	0	1
County	2012	1	0	0	0	0	0	1
California –	2010	0	0	0	0	0	0	0
Orange/ San	2011	0	1	0	0	0	0	1
Diego Counties	2012	1	0	0	0	0	0	1
Inland Empire	2010	0	0	0	0	0	0	0
California/ Las	2011	0	0	0	0	0	0	0
Vegas, Nevada	2012	0	1	0	0	0	0	1
Colorado –	2010	0	0	0	0	0	0	0
Denver	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Tampa and	2010	0	0	0	0	0	0	0
Sarasota,	2011	0	0	0	0	0	0	0
Florida	2012	0	1	0	0	0	0	1
Atlanta,	2010	0	0	0	0	0	0	0
Georgia	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Idaho, Nevada	2010	0	0	0	0	0	0	0
and Utah	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2010	0	0	0	0	0	0	0
Louisiana	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2010	0	0	0	0	0	0	0
Minnesota	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2010	0	0	0	0	0	0	0
Missouri	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2010	0	0	0	0	0	0	0
New Jersey	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2010	0	0	0	0	0	0	0
New York	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2010	0	0	0	0	0	0	0
North Carolina	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Savannah,	2010	0	0	0	0	0	0	0
GA/Augusta,	2011	0	0	0	0	0	0	0
South Carolina	2012	0	1	0	0	0	0	1
	2010	0	0	0	0	0	0	0
Texas	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Seattle,	2010	0	0	0	0	0	0	0
Washington	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2010	0	0	0	0	0	0	0
Total	2011	0	7	0	0	0	0	7
	2012	7	9	0	0	0	0	16

Table No. 4
Status of Company-Owned Outlets For
For Years 2010 to 2013

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2010	0	0	0	0	0	0	0
All States	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
Total	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0

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Table No. 5
Projected Openings for 2013

State	Regional Developer Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Current Fiscal Year 2013	Projected New Company-Owned Outlets in the Current Fiscal Year 2012
Michigan	0	1	0
All Other States	0	0	0
Total	0	1	0

Exhibit F lists the names of all of our operating Regional Developer franchisees and their addresses and telephone numbers as of December 31, 2012. Exhibit F lists the Regional Developer franchisees who have signed Regional Developer Agreements for development areas which were not yet operational as of December 31, 2012, and also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every Regional Developer franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Regional Developer during the 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.

None of our Regional Developer franchisees have signed confidentiality clauses with us during the last three years which would restrict their ability to speak openly about their experience with us.

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ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D are: 1) our consolidated audited Financial Statements, for the years ending December 31, 2012 and 2011; and 2) our consolidated audited Financial Statements for the years ending December 31, 2011 and 2010.

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ITEM 22

CONTRACTS

- Regional Developer Agreement with state specific addenda (Exhibit B)
- Owner's Guaranty and Assumption of Obligations (Exhibit 4 to Regional Developer Agreement)
- General Release (Exhibit G)
- Transfer Agreement (Exhibit H)

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ITEM 23

RECEIPTS

Exhibit J includes Receipts acknowledging that you received this Disclosure Document. Please return one Receipt to us and retain the other for your records. If you are missing these Receipts, please contact us at this address or telephone number:

The Joint Corp.
9383 East Bahia Drive, Suite 100
Scottsdale, Arizona 85260
Telephone (480) 245-5960
www.thejoint.com

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EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

The Joint RD FDD - 2013 – Exhibit A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about The Joint Corp.

Our agent for service of process in the State of Delaware is:

THE CORPORATION TRUST COMPANY
CORPORATION TRUST CENTER, 1209 ORANGE STREET
WILMINGTON, DE 19801

We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the designated state offices or officials as our agents for service of process in those states:

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of Corporations Department of Corporations Suite 750 320 West 4th Street Los Angeles, CA 90013 (213) 576-7505	California Commissioner of Corporations Department of Corporations Suite 750 320 West 4th Street Los Angeles, CA 90013 (213) 576-7505
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
INDIANA	Indiana Secretary of State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204

MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-4026	Minnesota Commissioner of Commerce 85 7th Place East Suite 500 St. Paul, MN 55101-2198
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State of the State of New York 41 State Street Albany, New York 11231 and United Corporate Services, Inc. 10 Bank Street, Suite 560 White Plains, NY 10606
NORTH DAKOTA	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510
RHODE ISLAND	Department of Business Regulation Division of Securities1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9527	Director of Rhode Island Department of Business Regulation Floor Division of Securities 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	Department of Revenue and Regulation Division of Securities 445 East Capitol Pierre, SD 57501 (605) 773-4823	Director of South Dakota Division of Securities 445 East Capitol Pierre, SD 57502

VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 And United Corporate Services, Inc. 700 East Main Street, Suite 1700 Richmond, VA 23218
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703

EXHIBIT B

REGIONAL DEVELOPER AGREEMENT

The Joint RD FDD – Exhibit B – RD Agreement

THE JOINT CORP.

REGIONAL DEVELOPER AGREEMENT

Date of Agreement

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REGIONAL DEVELOPER AGREEMENT

THIS REGIONAL DEVELOPER AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, 201_____, (the "Effective Date"), by and between THE JOINT CORP., a Delaware corporation ("Company", "we", "us" or "our"), and _____ corporation/limited company/partnership (Circle One) ("Regional Developer"), with reference to the following facts:

A. We and our affiliates have designed and developed valuable and proprietary formats and systems for the development and operation of businesses operating single location franchises ("Location franchises" or "Franchises"). These Franchises offer affordable, convenient and accessible chiropractic care to the general public.

B. We have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating our franchises, including "The Joint…The Chiropractic Place™", and we may create, use and license other trademarks, service marks and commercial symbols for use in operating our franchises (collectively, the "Marks").

C. We offer franchisees the right to own and operate a Franchise offering the products and services we authorize (and only the products and services we authorize) and using our business formats, methods, systems, procedures, signs, designs and layouts, standards, specifications and Marks, all of which we may improve, further develop and otherwise modify from time to time (collectively, the "System").

D. We seek a Regional Developer who will open and operate, or solicit and assist franchisees in opening and operating numerous Franchises within the geographic area described in Exhibit 1 (the "Development Area") , and for the total number of Franchises authorized for development within the Development Area set forth in Exhibit 1 (the "Development Rights").

E. Regional Developer desires to establish a business (a "Regional Developer Business") under which it will solicit, qualify, train and assist franchisees (the "Franchisees") to build and operate Franchises in the Development Area, and we desire to grant to Regional Developer the right to operate the Regional Developer Business in accordance with the terms and upon the conditions contained in this Agreement.

WHEREFORE, IT IS AGREED

1. GRANT OF RIGHTS.

Subject to the terms of this Agreement, we hereby grant to Regional Developer, and Regional Developer hereby accepts, the rights during the Term to solicit, screen, qualify for final approval by us, train and assist Franchisees to open and operate, Franchises in the Development Area.

2. REGIONAL DEVELOPER'S DEVELOPMENT OBLIGATION.

2.1 Minimum Development Obligation and Development Schedule.

(a) Regional Developer shall solicit, screen, qualify, train and assist Franchisees to construct, equip, open and operate, within the Development Area, the total number of Franchises set forth in Exhibit 2 (the "Minimum Development Obligation"), in the manner and within each of the time periods specified therein (the "Development Schedule").

(b) Each Franchise shall be the subject of a separate Franchise Agreement (as defined herein). We and the Franchisee shall enter into our then current form of franchise agreement (the "Franchise Agreement").

(c) Franchises which are the subject of a Franchise Agreement executed pursuant this Agreement, shall be counted in determining whether the Minimum Development Obligation shall have been met within the applicable Development Periods.

(d) During the initial Term, if we or you wish to establish additional Franchises within the Development Area over and above the Minimum Development Obligation, and we have determined, in our sole discretion, that the Development Area can sustain such additional Franchises, you have the right to purchase such additional Franchises within thirty (30) days of receipt of our written offer or your written request, as applicable, to purchase such additional Franchises at the price set forth in Exhibit 1. If you decline our offer to purchase, or fail to pay the amount due for such additional Franchises before the end of the thirty (30) day period, we reserve the right establish and operate, and/or to grant other persons the right to establish and operate, such additional Franchises within your Development Area

2.2 Regional Developer Sales Office and Opening. Regional Developer shall establish and operate a franchise sales office ("Regional Developer Sales Office" or "Sales Office") within the Development Area. We will not approve or disapprove the location of the Sales Office. You must open your Regional Developer Business within 45 days after you receive your initial training from us, or 90 days after signing your Regional Developer Agreement, whichever occurs first.

3. EXCLUSIVITY.

3.1 Territorial Rights. Except as provided in Section 3.2, as long as this Agreement is in effect, and you are in compliance with this Agreement, and meet the Minimum Development Obligation set forth in this Agreement, then we and our affiliates will not operate, establish or grant in your Development Area another Regional Developer franchise offering Franchises.

3.2 Rights Maintained by Company. We (and any affiliates that we might have from time to time) shall at all times have the right to engage in any activities we deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever we desire, including, but not limited to:

(a) establish and operate Franchises and Regional Developer Businesses, and granting right to other persons to establish and operate Franchises or Regional Developer Businesses, on any terms and conditions we deem appropriate and at any locations other than within your Development Area;

(b) establish and operate Franchises and/or grant other persons the right to establish and operate Franchises during the initial Term, to the extent that such additional Franchises exceed the total number of franchises you are authorized to development within your Development Area as set forth in Exhibit 1, and you decline to purchase the right to develop such additional Franchises.

(c) acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Franchises, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, including within your Development Area; and

(d) be acquired (regardless of the form of transaction) by a business providing products and services similar to those provided at Franchises, or by another business, even if such business operates, franchises and/or licenses competitive businesses within your Development Area.

4. TERM.

The term of this Agreement (the "Term") shall be for a period of ten (10) years commencing on the Effective Date, unless sooner terminated in accordance with the provisions of Section 13. Regional Developer shall have the right to extend the Term for an additional period of ten (10) years if (i) Regional Developer has substantially complied with the Minimum Development Obligation and all of the other terms of this Agreement during the Term; (ii) Regional Developer and all of its owners and their spouses sign our general release form; (iii) we and Regional Developer mutually agree on a new minimum development obligation for the Development Area for the extension period; and (iv) Regional Developer has paid a renewal fee equal to twenty-five percent (25%) of the original Development Fee set forth in Paragraph 7. Under the general release, Regional Developer and its owners and their spouses will waive any and all claims against us, our affiliates, and our and their owners, officers, directors, employees, agents, successors and assigns. If Regional Developer wishes to extend the Term, Regional Developer must notify us in writing no more than one hundred eighty (180) days and no less than ninety (90) days before the Term would otherwise expire.

Notwithstanding the foregoing, any time after three (3) full years from the Effective Date of this Agreement, Company has the option of repurchasing the Development Area and all of your Regional Developer rights associated with this Agreement for any opened and unopened Franchises within your Development Area. The formula for repurchasing the Development Area and these rights will be as follows:

(a) $29,000 for each Franchise that is opened under to this Agreement; plus

(b) $7,250 for each Franchise that is unopened under this Agreement.

The total number of Franchises for which Regional Developer has acquired the Development Rights to open under this Agreement is set forth in Exhibit 1. Notwithstanding the foregoing, any Franchises that were opened in Regional Developer's Development Area prior to execution of this Agreement will be transferred to Company at no cost to Company if Company exercises its repurchase option.

Company must notify Regional Developer in writing of Company's intent to exercise the option at least thirty (30) days prior to the date such option shall take effect. Unless the parties agree otherwise, the closing on this repurchase option shall occur within thirty (30) days of Company's written notice of intent to exercise the repurchase option. Company and Regional Developer agree to execute and deliver any and all documents or instruments required to effectuate the repurchase by the Company.

5. ADDITIONAL OBLIGATIONS OF COMPANY AND REGIONAL DEVELOPER.

5.1 Regional Developer Training. Within forty-five days (45) days after the Effective Date, but no later than thirty (30) days before you open your Regional Developer franchise for business, we or our designee will provide up to three (3) days of training to Regional Director on the operation of a Regional Developer Business. This training program may include classroom training and/or hands-on training and will be conducted at our corporate headquarters in Scottsdale, Arizona, and/or at any other location(s) we designate. Regional Developer must complete the initial training to our satisfaction and participate in all other activities we require before soliciting Franchisees in the Development Area. Although we provide this training at no additional cost to Regional Developer, Regional Developer must pay all travel and living expenses which it and its attendees incur.

If we determine that Regional Developer cannot complete initial training to our satisfaction, we may, at our option, either (1) require Regional Developer to attend additional training at Regional Developer's expense (for which we may charge reasonable fees), or (2) terminate this Agreement.

Regional Developer shall participate in periodic webinars and sales calls scheduled by us for Regional Developer franchises, and attend a national business meeting or convention of up to three days each year. We may also require Regional Developer to attend up to two (2) additional or refresher training courses each year at our corporate offices, or another location we designate. We may charge reasonable fees for these courses, conventions, webinars, sales calls, and programs. Regional Developer is responsible for all travel and living expenses.

5.2 Regional Developer Manual.

(a) We shall loan to Regional Developer one (1) copy of our Regional Developer manual (the "Manual for RDs") and one (1) copy of our Operations Manual for Location Franchises ("Manual for Locations") (collectively referred to as the "Manuals"). Regional Developer shall conduct all business activities in strict accordance with our standard operational methods and procedures as prescribed from time to time in the Manual for RDs. As used in the Agreement, the term "Manuals" shall be deemed to include the Manuals so delivered to Regional Developer, all amendments to the Manuals, and all supplemental bulletins, notices and memoranda which prescribe standard methods or techniques of operation, and which we may from time to time deliver to Regional Developer.

(b) We shall have the right to modify or supplement the Manuals. Such modifications and supplements shall be effective and binding on Regional Developer fifteen (15) days after notice thereof is mailed or otherwise delivered to Regional Developer. Regional Developer acknowledges and agrees that modifications of and supplements to the Manuals may obligate Regional Developer to invest additional capital or incur higher operating costs.

(c) The Manuals are our property and may not be duplicated, copied, disclosed or disseminated in whole or in part in any manner except with our express prior written consent. Regional Developer shall maintain the confidentiality of the Manuals. Upon the termination of this Agreement, Regional Developer shall return to us all copies of the Manuals in its possession or control. If Regional Developer's copy of the Manuals is lost, destroyed or significantly damaged, Regional Developer agrees to obtain a replacement copy at our then applicable charge.

5.3 General Guidance. We will provide guidance to Regional Developer in the Manuals and other bulletins or other written materials, by electronic media, and/or by telephone consultation. If Regional Developer requests and we agree to provide additional or special guidance, assistance or training, Regional Developer must pay our then applicable charges, including our personnel's per diem charges and any travel and living expenses.

5.4 Franchise Registration and Disclosure. Neither Regional Developer nor any representative of Regional Developer shall solicit prospective Franchisees of Franchises until we have registered our current Franchise Disclosure Document in applicable jurisdictions in the Development Area and have provided Regional Developer with the requisite documents, or at any time when we notify Regional Developer that our registration is not then in effect or our documents are not then in compliance with applicable law. If Regional Developer's activities pursuant to this Agreement require the preparation, amendment, registration, or filing of information or any disclosure or other documents, then all requisite disclosure documents, ancillary documents, and registration applications shall be prepared and filed by us or our designee, and registration secured, before Regional Developer may solicit prospective Franchisees for Franchises. Costs of such registration applicable to Regional Developer shall be borne by Regional Developer. In particular, Regional Developer shall:

(a) prepare and forward to us verified financial statements of Regional Developer in such form and for such periods as shall be designated by us, including audited financial statements, if necessary and appropriate to comply with applicable legal disclosure, filing or other legal requirements;

(b) promptly provide all information reasonably required by us to prepare all requisite disclosure documents and ancillary documents for the offering of franchises throughout the Development Area; and

(c) execute all documents required by us for the purpose of registering Regional Developer and us to offer franchises throughout the Development Area.

Regional Developer agrees to review all information pertaining to Regional Developer prepared to comply with legal requirements for selling franchises in the Development Area and verify its accuracy if so requested by us. Regional Developer acknowledges that we and our affiliates and designees shall not be liable to Regional Developer for any errors, omissions or delays which occur in the preparation of such materials.

5.5 Investigation and Qualification of Prospective Franchisees.

(a) Each Franchise opened by a Franchisee pursuant to this Agreement shall be the subject of a separate Franchise Agreement with us, upon our then current form. Regional Developer shall have no right to modify or offer to modify any Franchise Agreement or other contract.

(b) If we shall approve a Franchisee and a prospective franchise location, Regional Developer shall transmit to such Franchisee for execution copies of our then-current Franchise Agreement pertaining to the approved site and providing for a protected territory surrounding said Franchise, as determined by us.

(c) Regional Developer shall investigate the qualifications of each prospective Franchisee and the suitability of each prospective franchise location in the Development Area in accordance with our standards, policies and procedures relating to qualification of Franchisees then in effect, and shall obtain all information required of prospective Franchisees by us.

(d) After Regional Developer is satisfied that a prospective Franchisee meets the standards established by us, Regional Developer may recommend to us the approval of such prospective Franchisee. Regional Developer shall then furnish to us all information relating to the prospective Franchisee which shall be required by us in the form and manner customarily required by us.

(e) We may thereafter conduct or obtain such credit reports and background checks on prospective franchisees as we deem necessary or convenient. We may then approve or disapprove a prospective franchisee for any reason and may seek further information with respect to the prospective Franchisee. Regional Developer shall cooperate with us in any further investigation of the prospective Franchisee. If we shall reject a prospective Franchisee, we shall provide Regional Developer with a written explanation of the reasons therefor.

(f) Regional Developer shall deliver to us a copy of all correspondence with Franchisees which is material to the franchise relationship, concurrently with its being sent or received by Regional Developer.

5.6 Training and Support. Regional Developer agrees to implement any training programs developed by us for Franchises and to provide such assistance and services as we shall reasonably request and require from time to time in connection with the construction, equipping and opening of Franchises within the Development Area, the sourcing of equipment, fixtures, furnishings, inventory and supplies for such Franchises, the advertising and promotion of such Franchises, and the supervision of the use, and compliance with our quality control standards in the use of the Marks at such Franchises. All services and assistance provided to Franchisees in connection with the operation of Franchises located in the Development Area will be provided by Regional Developer and such obligations of Regional Developer will not be transferred, delegated or subcontracted to any other person.

5.7 Inspection of Franchises and Operations. Regional Developer shall conduct inspections of all of the Franchises in the Development Area, and of its operations and the review of the operations of all Franchises in the Development Area, in accordance with the standards from time to time established by us, upon such schedules and according to such procedures as shall be agreed upon by us and Regional Developer, acting in good faith, but, in any event, at least once during each calendar quarter. Regional Developer shall provide reports to us with respect to the findings of such inspections, in such form and at such time as we shall require.

We reserve the right to conduct periodic inspections of your Regional Developer Business to ensure that you are in compliance with this Agreement, the Manual for RDs, standards, and any of our other written directives to you.

5.8 Marketing and Promotion. Regional Developer shall participate in all promotion and marketing activities required by us of our Regional Developers, as required in the Franchise Agreements, or otherwise.

6. OPERATING STANDARDS.

6.1 Standard of Service. Regional Developer shall at all times give prompt, courteous and efficient service to Franchises in the Development Area. Regional Developer shall, in all dealings with Franchisees, prospective Franchisees and the public, adhere to the highest standards of honesty, integrity, fair dealings and ethical conduct.

6.2 Compliance with Laws and Good Business Practices. Regional Developer shall secure and maintain in force all required licenses, permits and certificates relating to Regional Developer's activities under this Agreement and operate in full compliance with all applicable laws, ordinances and regulations. Regional Developer acknowledges being advised that many jurisdictions have enacted laws concerning the advertising, sale, renewal and termination of, and continuing relationship between parties to a franchise agreement, including, without limitation, laws concerning disclosure requirements. Regional Developer agrees promptly to become aware of and to comply with all such laws and legal requirements in force in the Development Area and to utilize only disclosure documents that we have approved for use in the applicable jurisdiction.

6.3 Accuracy of Information. Before it solicits any prospective franchisee, Regional Developer shall each time take reasonable steps to confirm that the information contained in any written materials, agreements and other documents related to the offer or sale of franchises is true, correct and not misleading at the time of such offer or sale and that the offer or sale of such franchise will not at that time be contrary to or in violation of any applicable state law related to the registration of the franchise offering. We shall provide Regional Developer with any changes to our disclosure documents and other agreements on a timely basis and, upon request, provide Regional Developer with confirmation that the information contained in any written materials, agreements or documents being used by Regional Developer is true, correct and not misleading, except for information specifically relating to disclosures regarding Regional Developer. If Regional Developer notifies us of an error in any information in our documents, we shall have a reasonable period of time to attempt to correct any deficiencies, misrepresentations or omissions in such information.

6.4 Notification of Litigation. Regional Developer shall notify us in writing within five (5) days after the commencement of any action, suit, arbitration, proceeding, or investigation, or the issuance of any order, writ, injunction, award and decree, by any court agency or other governmental instrumentality, which names Regional Developer or any of its Owners or otherwise concerns the operation or financial condition of Regional Developer, the Regional Developer Business or any Franchisee.

6.5 Insurance. Regional Developer shall at all times during the term of this Agreement maintain in force, at Regional Developer's sole expense, insurance written on an occurrence basis for the Regional Developer Business of the types, in the amounts and with such terms and conditions as we may from time to time prescribe in the Regional Developer Manual or otherwise. All of the required insurance policies shall name us and affiliates designated by use as additional insured, contain a waiver of the insurance company's right of subrogation against us and the designated affiliates, and provide that we will receive thirty (30) days' prior written notice of termination, expiration, cancellation or modification of any such policy. You are responsible for any and all claims, losses or damages, including to third persons, originating from, in connection with, or caused by your failure to name us as an additional insured on each insurance policy. You agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage arising out of your failure to name us as additional insured, which indemnity shall survive the termination or expiration and non-renewal of this Agreement.

Notwithstanding the existence of such insurance, you are and will be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Regional Developer franchise, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage, which indemnity shall survive the termination or expiration and non-renewal of this Agreement. In addition to the requirements of the foregoing paragraphs of this Paragraph 6.5, you must maintain any and all insurance coverage in such amounts and under such terms and conditions as may be required in connection with your lease or purchase of any premises used to operate your Regional Developer franchise.

Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under this Agreement.

If you fail to pay the premiums for insurance required to operate your franchise, we may obtain insurance for you and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within ten (10) days of our request for reimbursement.

6.6 Proof of Insurance Coverage. Regional Developer will provide proof of insurance to us before beginning operations of its Regional Developer Business. This proof will show that the insurer has been authorized to inform us in the event any policies lapse or are cancelled or modified. We have the right to change the types, amount and terms of insurance that Regional Developer is required to maintain by giving Regional Developer prior reasonable notice. Noncompliance with these insurance provisions shall be deemed a material breach of this Agreement, and in the event of any lapse in insurance coverage, we shall have the right, in addition to all other remedies, to demand that Regional Developer cease operations of its Regional Developer Business until coverage is reinstated or, in the alternative, to pay any delinquencies in premium payments and charge the same back to Regional Developer.

6.7 Advertising Requirement and Cooperatives. You must meet the minimum advertising requirement we establish for your Regional Developer Business ("Minimum Advertisement Requirement"). We will establish the Minimum Advertising Requirement at the time you sign this Agreement. You may be required to provide receipts to show you are meeting this requirement. We reserve the right to increase the Minimum Advertisement Requirement for your Regional Developer Business if we determine that it is necessary for you to meet your Minimum Development Obligation.

If one is created, you are required to join and participate in the Advertising Cooperative ("Co-op"), which is an association of Regional Developer whose franchise Franchises are located with your Area of Dominant Influence ("ADI"). An ADI is a geographic market designation that defines a broadcast media market, consisting of all counties in which the home market stations receive a preponderance of viewing. One function of the Co-op is to establish a local advertising pool, of which the funds must be used for Franchise advertising only and for the mutual benefit of each Co-op member. Regional Developer must contribute to the pool in accordance with the rules and regulations of the Co-op, as determined by its members. Amounts contributed to the advertising pool by a Regional Developer may be considered as spent for local advertising, and therefore toward the minimum local advertising requirement.

6.8 Approval of Advertising. Prior to their use by Regional Developer, samples of all advertising and promotional materials not prepared or previously approved by us shall be submitted to us for approval, which approval shall not be unreasonably withheld. Regional Developer shall not use any advertising or promotional materials that we have not approved or have disapproved. Regional Developer acknowledges and understands that certain states require the filing of franchise sales advertising materials with the appropriate state agency prior to dissemination. Regional Developer agrees fully and timely to comply with such filing requirements at Regional Developer's own expense unless such advertising has been previously filed with the state by us. We may charge Regional Developer for the costs incurred by us in printing large quantities of advertising and marketing materials supplied by us to Regional Developer at Regional Developer's request.

6.9 Websites. As used in this Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software that refers to the Franchise, Locations, franchises for Franchises or the Marks. The term "Website" includes, but is not limited to, Internet and World Wide Web pages. In connection with any Website, Regional Developer agrees to the following:

(a) Regional Developer shall not establish a separate Website without our prior written consent. We shall have the right, but not the obligation, to designate one or more web page(s) to describe Regional Developer, such web pages(s) to be located within our Website; and

(b) If we approve, in writing, a separate Website for Regional Developer, then each of the following provisions shall apply:

(1) Regional Developer shall not establish or use the Website without our prior written approval.

(2) Before establishing the Website, Regional Developer shall submit to us, for our prior written approval, a sample of the proposed Website domain name, format, visible content (including, but not limited to, proposed screen shots), and non-visible content (including, but not limited to, meta tags) in the form and manner we may reasonably require, and Regional Developer shall not use or modify such Websites without our prior written approval as to such proposed use or modification.

(3) In addition to any other applicable requirements, Regional Developer shall comply with our standards and specifications for Websites as we prescribe from time to time in the Manuals or otherwise in writing.

(4) If we require, Regional Developer shall establish such hyperlinks to our Website and others we may request in writing.

We may revoke our approval at any time, in writing, and require that Regional Developer discontinue use of a separate Website.

6.10 Accounting, Bookkeeping and Records. Regional Developer shall maintain at its business premises in the Development Area all original invoices, receipts, checks, contracts, licenses, acknowledgement of receipt forms, and bookkeeping and business records we require from time to time. Regional Developer shall furnish to us, within one hundred twenty (120) days after the end of Regional Developer's fiscal year, a balance sheet and profit and loss statement (audited by a CPA, if requested by us) for Regional Developer's Business for such year (or a monthly or quarterly statement if required by us, in which case such statements also shall reflect year-to-date information). In addition upon our request, within ten (10) days after such returns are filed, exact copies of federal and state income, sales and any other tax returns and such other forms, records, books and other information as we periodically require regarding Regional Developer's Business, shall be furnished to us. Regional Developer shall maintain all records and report of the business conducted pursuant to this Agreement for at least two (2) years after the date of termination or expiration of this Agreement.

6.11 Reports. Regional Developer shall, as often as required by us, deliver to us a written report of its Regional Developer Business activities in such form and detail as we may from time to time specify, including information about efforts to solicit prospective Franchisees, the status of pending real estate transactions and the status of Franchises.

6.12 Computer Systems. Regional Developer agrees to use in the development and operation of the Regional Developer's Business the computer systems and operating software ("Computer System") that we specify from time to time. You acknowledge that we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including without limitation a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto), and that the cost to you of obtaining the Computer System (or additions or modifications thereto), including software, may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we and our affiliates have the right to charge a reasonable systems fee for software or systems installation services; modifications and enhancements specifically made for us or our affiliates that are licensed to you; and other maintenance and support Computer System-related services that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

The Company will provide to you its proprietary office management software (the "Company Software"), which you will be required to install onto the Computer System and use in the operation of your Regional Developer Business. In addition, we may, at any time and from time to time, contract with one or more software providers, business service providers, or other third parties (individually, a "Service Provider") to develop, license, or otherwise provide to or for the use and benefit of you and other Company franchises certain software, software applications, and software maintenance and support services related to the Computer System that you must or may use in accordance with our instructions with respect to your Computer System.

6.14 Management of Business. You must personally participate in the direct operation of your Regional Developer Business. If you do not personally participate in the direct operation of your Regional Developer Business on a full-time basis, then you are obligated to have a fully trained Manager operate the franchise. We believe that only a person with an equity interest can adequately ensure that our standards of quality and competence are maintained. We required that you be directly involved in the day-to-day operations and utilize your best efforts to promote and enhance the performance of the Franchised Business.

Any Manager you employ at the launching of your franchise operations must complete the initial management-training course required by the Company. All subsequent Managers must be trained fully according to our standards by either the franchise owner or the Company. However, the Company may charge a fee for this additional training.

7. DEVELOPMENT FEE.

Regional Developer shall pay to us a non-refundable "Development Fee" of _____ Dollars ($ _____), payable upon execution of this Agreement. If we require Regional Developer to acquire an in-depth demographic analysis of the Development Area, Regional Developer shall also purchase the demographic analysis from us or our designated supplier for the then-applicable fee.

8. PAYMENTS TO REGIONAL DEVELOPER.

8.1 Initial Fee Commission and Conditions of Payment. During the term of this Agreement, Regional Developer shall be paid a flat fee commission, as set forth in this Section, paid from the initial franchise fees paid by Franchisees and/or Regional Developer for the purchase of Location franchises to be located within the Development Area (the "Initial Fee Commission"), subject to fulfillment of the following conditions: (a) the Franchisee (or Regional Developer) executes a Franchise Agreement with us and an initial franchise fee has been paid to and actually received by us (we shall not be deemed to have received any fees paid into escrow, if applicable, until such fees actually have been remitted to us); and (b) Regional Developer has complied with all of its other obligations under this Agreement with respect to such sale and has verified the same to us in writing in a form prescribed by us. The Initial Fee Commission shall be an amount equal to Fourteen Thousand Five Hundred Dollars ($14,500) for each Franchise that is sold pursuant to this Agreement minus any broker's fees or sales commissions, if any, and will be payable to Regional Developer within twenty (20) days after the conditions of this Section 8.1 have been fulfilled.

8.2 Commissions on Royalty Fees. We shall pay to Regional Developer, on the day of the week, 3% of the royalty fees (which excludes advertising and marketing fees) actually received by us from each Franchisee located in the Development Area during the applicable period pursuant to their Franchise Agreement ("Royalty Fees"). Notwithstanding the foregoing, if Regional Developer has failed to conduct the periodic inspections described in Section 5.9 and failed to perform in any material respect, with respect to one (1) or more Franchisees located in the Development Area, the other services described in Section 5 to be provided to Franchisees located in the Development Area during any applicable month, then Regional Developer shall not be entitled to receive commissions on Royalty Fees with respect to such Franchisees for the period during which reports or services were not provided.

8.3 Commissions After Termination. All payments under this Section 8 shall immediately and permanently cease after the expiration or termination of this Agreement, although Regional Developer shall receive all amounts which have accrued to Regional Developer as of the effective date of expiration or termination.

8.4 Application of Payments. Our payments to Regional Developer shall be based on amounts actually collected from Franchisees, not on payments accrued, due or owning. In the event of termination of a Franchise Agreement for an Franchise within the Development Area, we shall apply any payments received from a Franchisee to pay past due indebtedness of that Franchisee for Royalty Fees, advertising contributions, purchases from us or our affiliates, interest or any other indebtedness on that Franchisee to us or our affiliates. To the extent that such payments are applied to a Franchisee's overdue Royalty Fee payments, Regional Developer shall be entitled to its pro rata share of such payments, less its pro rata share of the costs of collection paid to third parties.

8.5 Setoffs. Regional Developer shall not be allowed to set off amounts owed to use for fees or other amounts due under this Agreement against any monies owed to Regional Developer by us, which right to set off is hereby expressly waived by Regional Developer. We shall be allowed to set off against amounts owed to Regional Developer for commissions, Royalty Fees or other amounts due under this Agreement any monies owed to us by Regional Developer.

9. MARKS.

9.1 Ownership and Goodwill of Marks. Regional Developer's right to use the Marks is derived only from this Agreement and is limited to Regional Developer's operation of its Regional Developer Business. Regional Developer's unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. Regional Developer acknowledges and agrees that Regional Developer's use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Regional Developer (other than the right to operate a Regional Developer Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize Regional Developer to use.

9.2 Limitations on Regional Developer's Use of Marks. Regional Developer may not use any Mark: (1) as part of any corporate or legal business name; (2) with any prefix, suffix or other modifying words, terms, designs, symbols other than logos we have licensed to Regional Developer; (3) in selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine, without our consent; or (5) in any other manner we have not expressly authorized in writing. Regional Developer may not use any Mark in advertising the transfer, sale or other disposition of Regional Developer's business under this Agreement or an ownership interest in Regional Developer (if a corporation, partnership, limited liability company or another business entity holds the franchise at any time during this Agreement's term) without our prior written consent.

9.3 Notification of Infringements and Claims. Regional Developer agrees to notify us immediately of any apparent infringement of or challenge to Regional Developer's use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys and Regional Developer's attorneys regarding any infringement, challenge or claim. We may take action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. Regional Developer agrees to sign any documents and take any actions that, in the opinion of our attorneys, are 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.

9.4 Discontinuance of Use of Marks. If we believe at any time that it is advisable for us and/or Regional Developer to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, Regional Developer agrees to comply with our directions within a reasonable time after receiving noticed. We need not reimburse Regional Developer for Regional Developer's expenses in complying with these directions, for any loss of revenue due to any modified or discontinued Mark, or for Regional Developer's expenses of promoting a modified or substitute trademark or service mark.

9.5 Indemnification For Use of Marks. We agree to indemnify and reimburse Regional Developer against and for all damages for which Regional Developer is held liable in any trademark infringement proceeding arising out of Regional Developer's authorized use of any Mark pursuant to and in compliance with this Agreement, and for all costs Regional Developer reasonably incurs in the defense of any such claim in which Regional Developer is named as a party, so long as Regional Developer has timely notified us of the claim, and have otherwise complied with this Agreement. At our option, we may defend and control the defense of any proceeding relating to any Mark.

10. CONFIDENTIAL INFORMATION.

We possess (and may continue to develop and acquire) certain confidential information relating to the development and operation of Franchises and Regional Developer Businesses (the "Confidential Information"), which includes (without limitation):

(1) site selection criteria;

(2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating Franchises and Regional Developer Businesses;

(3) marketing research and promotional, marketing and advertising programs for Franchises and Regional Developer Businesses;

(4) knowledge of specifications for and suppliers or, and methods of ordering, certain operating assets and products that Franchises and Regional Developer Businesses use;

(5) knowledge of the operating results and financial performance of Franchises and Regional Developer Businesses;

(6) customer communication and retention programs, along with data used or generated in connection with those programs; graphic designs and related intellectual property;

(7) information generated by or used or developed in the operation of Franchises and Regional Developer Businesses, including customer names, addresses, telephone numbers and related information; and

(8) any other information designated confidential or proprietary by us.

Regional Developer acknowledges and agrees that by entering into this Agreement, Regional Developer will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information in accordance with this Agreement, and that Regional Developer's use of any Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees. Regional Developer further acknowledges and agrees that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to Regional Developer only on the condition that Regional Developer agrees, and it does agree, that Regional Developer:

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

(2) will keep the Confidential Information absolutely confidential during and after this Agreement's term;

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

(4) will adopt and implement all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of Confidential Information, including, without limitation: (i) restricting its disclosure to Regional Developer's personnel and Franchisees needing to know such Confidential Information in order to develop and operate the Franchises; and (ii) requiring those having access to Confidential Information to sign confidentiality and non-disclosure agreements. We have the right to regulate the form of agreement that Regional Developer uses and to be a third party beneficiary of that agreement with independent enforcement rights; and

(5) will not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

All ideas, concepts, techniques or materials relating to a Franchise or Regional Developer Business, whether or not protectable intellectual property and whether created by or for Regional Developer or its employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, by this paragraph, Regional Developer assigns ownership of that item, and all related rights to that item, to us and agrees to sign whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item.

"Confidential Information" does not include information, knowledge or know-how which is or becomes generally known in business consulting industry or which Regional Developer knew from previous business experience before we provided it to Regional Developer (directly or indirectly) or before Regional Developer attended our initial training program. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

11. ASSIGNABILITY.

11.1 Assignability by Company.

(a) We shall have the right, but not the obligation, to cause a subsidiary or affiliate of ours to perform any or all of our obligations and exercise any or all of our rights under this Agreement and under any Franchise Agreement, and to require regional Developer to perform any or all of its obligations hereunder, in favor or such subsidiary or affiliate, by delivery of written notice thereof to Regional Developer.

(b) We shall have the right to assign this Agreement, or any of our rights and privileges under this Agreement to any other person, firm or corporation, other than a subsidiary or affiliate of ours, without Regional Developer's prior consent, and we shall not be liable for any obligations accruing under this Agreement after the effective date of such assignment; provided the assignee shall expressly assume and agree to perform our obligations under this Agreement and is reasonably capable of performing them.

11.2 Assignments by Regional Developer.

(a) We have entered into this Agreement in reliance upon and in consideration of the singular personal skills, character, aptitude, business ability, financial capacity and qualifications of Regional Developer and the trust and confidence reposed in Regional Developer or, in the case of a business entity Regional Developer, its owners (individually, an "Owner"). Therefore, neither Regional Developer's interest in this Agreement nor any of its rights or privileges hereunder shall be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner, without our prior written approval.

(b) Any assignment or transfer without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "transfer" includes any voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events:

(1) transfer of record or beneficial ownership of capital stock in Regional Developer (if Regional Developer is a corporation), a partnership or membership interest (if Regional Developer is a partnership or limited liability company), or any other ownership interest or right to receive all or a portion of Regional Developer's profits or losses;

(2) a merger, consolidation or exchange of shares or other ownership interests, or issuance of additional ownership interest or securities representing or potentially representing shares or other ownership interests, or a redemption of shares or other ownership interests;

(3) any sale or exchange of voting interests or securities convertible to voting interests, or any agreement granting the right to exercise or control the exercise of the voting rights of any owner or to control Regional Developer's operations or affairs;

(4) transfer of an interest in Regional Developer, this Agreement, or Regional Developer Business or its assets (or any right to receive all or a portion of Regional Developer's or the Regional Development Business' profits or losses or any capital appreciation relating to the Regional Development Business) in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law;

(5) if Regional Developer or an Owner (if Regional Developer is a business entity) dies, transfer of an interest in Regional Developer, this Agreement, or the Regional Development Business or its assets (or any right to receive all or a portion of Regional Developer's or the Regional Development Business' profits or losses or any capital appreciation relating to the Regional Development business) by will, declaration or transfer in trust, or under the law of intestate succession; or

(6) pledge of this Agreement (to someone other than us) or of an ownership interest in Regional Developer (if Regional Developer is a business entity) as security, foreclosure upon the development area franchises, or Regional Developer's transfer, surrender or loss of the area development franchise possession, control or management.

11.3 Conditions for Approval of Assignment or Transfer. We may impose any reasonable condition(s) to the granting of our consent to such assignments. Without limiting the generality of the foregoing, the imposition by us of any or all of the following conditions to our consent to any such assignment shall be deemed to be reasonable:

(a) that the assignee (or the principal officers, shareholders, directors or general partners of the assignee in the case of a business entity assignee) demonstrates that it has the skill, qualifications and economic resources necessary, in our judgment, reasonably exercised, to own and operate the Regional Developer Business;

(b) that Regional Developer has paid all amounts owed to us;

(c) that the assignee shall expressly assume in writing for our benefit all of the obligations of Regional Developer under this Agreement and any other agreements proposed to be assigned to such assignee;

(d) that neither the assignee nor its owners or affiliates operates, has an ownership interest in or performs services for a Competitive Business (defined in Section 12.2);

(e) that the assignee shall have completed (or agreed to complete) our training program;

(f) that the assignee signs our then current form of Regional Developer Agreement, the provisions of which may differ materially from any and all of those contained in this Agreement, and the term of which shall be the remaining term of this Agreement;

(g) that as of the date of any such assignment, the assignor shall have strictly complied with all of its obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us;

(h) that the assignee is not then in default of any of the obligation to us under any agreement between such assignee and us;

(i) that the assignor shall pay to us a transfer fee of Thirty Thousand Dollars ($30,000), except for transfers pursuant to Section 11.4 below;

(j) that the assignor and the assignor's spouse (if any) shall sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, representatives, agents, successors and assigns; and

(k) that assignor will not directly or indirectly at any time or in any manner identify himself, herself or itself or any business as a current or former Franchise or as one of our Franchisees or Regional Developers, use any Mark, any colorable imitation of a Mark, or other indicia of a Franchise or Regional Developer Business in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with us.

Regional Developer shall not in any event have the right to pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without our express prior written permission, which permission may be withheld for any reason whatsoever in our sole subjective judgment.

11.4 Assignment to Entity Principally Controlled By You. The Regional Developer franchise business and its assets and liabilities may be assigned to a newly-formed corporation or other legal entity that conducts no business other than the operation of the franchise and in which you and any of your principals own and control in the aggregate not less than ninety percent (90%) of the equity and voting power of all outstanding capital stock or ownership interest, provided as follows:

(a) that the proposed transferee complies with the provisions of this Agreement; and

(b) that you are empowered to act for said corporation or other legal entity; and

(c) that you shall submit to us documentation that we may reasonably request to effectuate the transfer, including the approving and acknowledging execution of this Agreement; and

(d) that you shall submit to us a true and complete list of the shareholders, members or partners, showing number of shares or interests owned, and a list of the officers and directors if a corporation or managers if a limited liability company, or managing partners if a partnership. We shall be promptly notified of any changes in said lists; and

(e) that all certificates of shares or interests issued by transferee at any time shall be endorsed thereon the appropriate legend to conform with state law, referring to this Agreement by date and name of parties hereto and stating “Transfer to This Certificate is Limited by the Terms and Conditions of a Regional Development Agreement dated _____;” and

(f) that a copy of this Agreement shall be given to every shareholder, member or partner; and

(g) that a copy of the organizational documents and any corporate resolutions and a Certificate of Good Standing will be furnished to us at our reasonable request, and prompt notification in writing of any amendments thereto will be provided to us; and

(h) that the number of shares or interests issued or outstanding in the transferee will not be increased or decreased without prior written notice to us, which notice will in its terms guarantee compliance with this Agreement. In addition, new shareholders, members of partners must be approved by use and agree to be bound by this entire Agreement. Shareholders, members or partners may make a separate agreement among them providing for purchase by the survivors amount them of the shares of any shareholders or interests of any members or partners upon death, or other agreements affecting ownership or voting rights, so long as voting control and a majority representation of the board of directors or members or partners remains with those individuals who initially applied for and were approved as Franchisees under this Agreement. Shareholders, members or partners must notify us in writing of any such agreement which affects control of the transferee.

11.5 Death or Disability.

(a) Upon the death or disability of Regional Developer or an Owner, the executor, administrator, conservator, guardian or other personal representative must assign, sell, or transfer Regional Developer's interest in this Agreement, the Regional Developer Business and its assets, or the Owner's ownership interest in Regional Developer, to a third party approved by us. That transfer (including, without limitation, transfer by bequest or inheritance) must occur, subject to our rights, within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 11. A failure to transfer such interest within this time period is a breach 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 Regional Developer from supervising the Development Area management and operation for ninety (90) or more consecutive days.

(b) If, upon the death or disability of Regional Developer or an Owner, a trained manager who we approve is not managing the day-to-day operations, then the executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed thirty (30) days from the date of death or disability, appoint a manager that we must approve to operate the Regional Developer Business. The manager must, at Regional Developer's or the Owner's estate's expense, satisfactorily complete the training we designate with the specified time period.

11.6 Company's Right of First Refusal. If Regional Developer at any time determines to sell or transfer an interest in this Agreement or the Regional Developer Business, or if Owner determines to sell or transfer a controlling ownership interest in Regional Developer, then Regional Developer or the Owner, as applicable (the "Seller") must obtain from a responsible and fully disclosed buyer, and send us a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in Regional Developer or this Agreement and the Regional Developer Business. The offer must include 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 in a fixed dollar amount and without any contingent payments of purchase price (such as earn-out payments).

We may, by delivering written notice to the Seller within fifteen (15) days after we receive both an exact copy of the offer and all other information requested, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: 1) we may substitute cash for any form or payment proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) the closing will be not less than thirty (30) days after notifying the Seller of our election to purchase or, if later, the closing date proposed in the offer; and (4) we must receive, and the Seller agrees to make, all customary representations and warranties, given by the seller of the assets of a business or ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests and validity of contracts and the liabilities, contingent on otherwise, relating to the assets or ownership interests being purchased. If we exercise our right of first refusal, the Seller agrees that, for two (2) years beginning on the closing date, the Seller and members of its immediate family will be bound by the non-competition covenant contained in Section 12.2 below.

If we do not exercise our right of first refusal, the Seller may complete the sale to the proposed buyer on the original offer's terms, subject to our approval of the transfer as provided above. If the Seller does not complete the sale to the proposed buyer within sixty (60) days after we notify the Seller that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which the Seller must let us know promptly), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

11.7 Ownership Structure. Regional Developer represents and warrants that all persons holding direct or indirect, legal or beneficial ownership interests in Regional Developer (collectively, the "Owners'") are listed in Exhibit 3 and that its ownership structure is as set forth on Exhibit 3. In consideration of, and as an inducement to, the execution of this Agreement, each Owner of the Regional Developer and their respective spouses shall personally and unconditionally sign our form Guaranty and Acceptance of Obligations (Exhibit 4), guarantying to us and our successors and assigns that the Regional Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and agreeing to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement. Regional Developer shall not change its ownership structure without complying with all of the terms and conditions of this Section 11. Within ten (10) days of any change in Regional Developer's ownership structure, Regional Developer shall submit a revised Exhibit 3 to us showing the new ownership structure, and any new Owners shall sign our form Guaranty and Acceptance of Obligations (Exhibit 4).

12. NON-COMPETITION.

12.1 In Term. During the term of this Agreement, neither Regional Developer, any of the Principals, nor any member of Regional Developer's or a Principal's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, controlling shareholder, employee, consultant, representative or agent, or in any other capacity, in a Competitive Business (defined below), whether located within or outside the Development Area, unless we shall first consent thereto in writing.

12.2 Post-Term. For a eighteen (18) month period following the assignment, expiration or termination of this Agreement, for any reason, neither Regional Developer, any Owner, nor any member of Regional Developer's or an Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located or operating: (a) within the Development Area; (b) within the development area of any of our other regional developers, (c) within twenty-five (25) miles of any Franchise or Regional Developer franchise or in operation or development on the date of assignment, expiration or termination; or (d) within any unsold development areas. The term "Competitive Business" means any business which derives more than Fifty-Thousand Dollars ($50,000) of revenue per year from the performance of chiropractic or related services, or any business which grants franchises or licenses to others to operate such a business, other than a Franchise operated under a franchise agreement with us.

13. TERMINATION.

13.1 Termination by Company. We may terminate this Agreement, effective upon written notice of termination to Regional Developer, if:

(a) Regional Developer or one of its Owners makes or attempts to make a transfer in violation of Section 11;

(b) Regional Developer fails to meet the Minimum Development Obligation for any Development Period;

(c) Regional Developer has made or makes a material misrepresentation or omission in acquiring the rights under this Agreement or in operating the Regional Developer Business;

(d) Regional Developer does not satisfactorily complete initial training;

(e) Regional Developer is convicted by a trial court of, or pleads no contest to, a felony;

(f) Regional Developer fails to maintain the insurance we require from time to time;

(g) Regional Developer or an Owner engages in any dishonest, unethical or illegal conduct or any other conduct which, in our opinion, adversely affects our reputation, the reputation or other Franchises or the goodwill associated with the Marks;

(h) Regional Developer knowingly makes any unauthorized use or disclosure of any part of the Manuals or any other Confidential Information;

(i) Developer (a) fails on three (3) or more separate occasions within any twenty-four (24) consecutive month period to submit when due reports or other data, information or supporting records, pay when due any amounts due to us (or our affiliates), or otherwise comply with this Agreement, whether or not Regional Developer corrects any of these failures after we deliver written notice to regional Developer; or (b) fails on two (2) or more separate occasions within any twelve (12) consecutive month period to comply with the same obligations under this Agreement, whether or not Regional Developer corrects either of the failures after we deliver written notice to Regional Developer;

(j) Regional Developer makes an assignment for the benefit of creditors or admits in writing insolvency or inability to pay debts generally as they become due; Regional Developer consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of the assets of the Regional Developer Business; or the assets of the Regional Developer Business are attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within thirty (30) days following the order' entry;

(k) Regional Developer fails to comply with any other provision of this Agreement and does not correct the failure within thirty (30) days after we deliver written notice of the failure to Regional Developer; or

(l) Regional Developer fails to pay any sums due to us and does not correct the failure within ten (10) days after we deliver written notice of that failure to Regional Developer.

We have the right to terminate any other agreement between us and Regional Developer due to a default by Regional Developer.

13.2 Rights and Obligations Upon Termination or Expiration. Upon the expiration of the Term, or upon the earlier termination of this Agreement, Regional Developer shall have no further right to construct, equip, own, open or operate additional Franchises (except pursuant to a Franchise Agreement between Regional Developer and us which is in full force and effect on the date of expiration or termination). Upon expiration or termination of this Agreement, we may ourselves construct, equip, open, own or operate, or license others to construct, equip, open, own or operate Franchises in the Development Area, except as provided in any Franchise Agreement executed pursuant to this Agreement. When this Agreement expires or is terminated for any reason and except as required to perform Regional Developer's obligations under a valid Franchise Agreement with us, Regional Developer shall:

(a) not directly or indirectly at any time thereafter or in any manner: (a) identify itself or any business as a current or former regional developer or ours; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark or other indicia of an Franchise in any manner or for any purpose; or (c) use for any purpose any trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us;

(b) take the actions required to cancel all fictitious or assumed name or equivalent registrations relating to Regional Developer's use of any Mark;

(c) deliver to us within thirty (30) days all advertising, marketing and promotional material, forms and other materials containing any Mark or otherwise identifying or relating to the Regional Developer Business or to an Franchise;

(d) if applicable, notify all search engines of the termination or expiration of Regional Developer's right to use all domain names, Websites and other search engines associated directly or indirectly with the Marks or Franchises and authorize those search engines to transfer to us or our designee all rights to the domain names, Websites and search engines relating to the Marks or Franchises. We have the absolute right and interest in and to all domain names, Websites and search engines associated with the Marks or Franchises, and Regional Developer hereby authorizes us to direct all applicable parties to transfer Regional Developer's domain names, Websites and search engines to us or our designee if this Agreement expires or is terminated for any reason whatsoever. All parties may accept this Agreement as conclusive of our right to such domain names, Websites and search engines and this Agreement will constitute the authority from Regional Developer for all parties to transfer all such domain names, Websites and search engines to us;

(e) immediately cease using 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 Regional Developer; and

(f) give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of Regional Developer's compliance with these obligations.

13.3 Termination Fee. In the event Regional Developer terminates this Agreement or ceases to do business, or Company terminates this Agreement pursuant to Paragraph 18.1 of this Agreement, the Regional Developer shall pay Company a termination fee equal to one-half of our highest then-current development fee for regional developer franchises, plus our attorneys' fees and costs incurred in connection with the early termination.

14. MEDIATION AND ARBITRATION.

14.1 Mediation. If a dispute arises under this Agreement, the parties agree to try to settle the dispute through good-faith participation in a mediation conducted by a mediator who is acceptable to both parties before proceeding to arbitration. However, we will not be required to proceed with mediation if we elect to enforce this Agreement or to seek temporary or permanent injunctive relief as provided above.

14.2 Arbitration. Except insofar as we elect to enforce this Agreement or to seek temporary or permanent injunctive relief as provided above, all controversies, disputes or claims arising between us, our affiliates, owners, officers, directors, agents and employees (in their representative capacity) and you (and your Principal Owners and guarantors) arising out of or related to: (i) this Agreement or any provision thereof or any related agreement (except for any lease or sublease with us or any of our affiliates); (ii) the relationship of the parties hereto; (iii) the validity of this Agreement or any related agreement, or any provision thereof; or (iv) any specification, standard or operating procedure relating to the establishment or operation of the Regional Developer franchise, shall be submitted for arbitration to be administered by the office of the American Arbitration Association. Such arbitration proceedings shall be conducted in Maricopa County, Arizona, and, except as otherwise provided in this Agreement, shall be conducted in accordance with the commercial arbitration rules of the American Arbitration Association then in effect. The arbitrator shall have the right to award or include in his award any relief which he or she deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees and costs. The award and decision of the arbitrator shall be conclusive and binding on all parties to this agreement and judgment on the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such an award. The provisions of this Paragraph are intended to benefit and limit third party non-signatories and will continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement. The parties agree that arbitration shall be conducted on an individual, not a class-wide basis, and that any such arbitration shall not be consolidated with any other arbitration proceeding.

15. GENERAL CONDITIONS AND PROVISIONS.

15.1 Relationship of Regional Developer to Company. It is expressly agreed that the parties intend by this Agreement to establish between us and Regional Developer the relationship of franchisor and franchisee. Except as expressly provided herein, it is further agreed that Regional Developer has no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. In no event shall either party be deemed to be fiduciaries of the other. Neither we nor Regional Developer is the employer, employee, agent, partner or co-venturer of or with the other, each being independent contractors. Regional Developer agrees that it will not hold himself out as the agent, employee, partner or co-venturer of ours, or as having any of the aforesaid authority. All Employees hired by or working for Regional Developer shall be the employees of Regional Developer and shall not, for any purpose, be deemed employees of us or subject to our control.

15.2 Indemnification. To the fullest extent permitted by law, Regional Developer agrees to indemnify, defend and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Indemnified Parties") from and against, and to reimburse any one or more of the Indemnified Parties for any and all claims, obligations and damages directly or indirectly arising out of: (1) the Regional Developer Business conducted by Regional Developer pursuant to this Agreement, (2) Regional Developer's breach of this Agreement, or (3) Regional Developer's non-compliance or alleged non-compliance with any law, ordinance, rule or regulation. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness' fees, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses of litigation, arbitration or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at Regional Developer's expense, and Regional Developer may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Regional Developer. Regional Developer agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Regional Developer.

15.3 Waiver and Delay. Except as otherwise expressly provided to the contrary, no waiver by us of any breach or series of breaches or defaults in performance by the Regional Developer, and no failure, refusal or neglect of or by us to exercise any right, power or option given to us under this Agreement or under any other agreement between us and Regional Developer, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to this Agreement) or to insist upon strict compliance with or performance of the Regional Developer's obligations under this Agreement or any other agreement between us and Regional Developer, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to this Agreement), shall constitute a novation, or a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

15.4 Survival of Covenants. The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement or ancillary agreements, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

15.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the legal representatives, successors and assigns of us and Regional Developer.

15.6 Joint and Several Liability. If either party consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to the other under this Agreement are joint and several.

15.7 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except for all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in Section 14 that will be governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law relating to arbitration, this Agreement and the Regional Developer franchise will be governed by the internal laws of the State of Arizona (without reference to its choice of law and conflict of law rules), except that the provisions of any Arizona law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Paragraph. You agree that we may institute any action against you arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) in any state or federal court of general jurisdiction in Maricopa County, Arizona, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

15.8 Consent to Jurisdiction. Subject to Section 14 and the provisions below, Regional Developer and its owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between Regional Developer and us must be commenced in the State of Arizona, and in the state or federal court of general jurisdiction closest to where our principal business address then is located, and Regional Developer (and its Owners) irrevocably submits to the jurisdiction of those courts and waives any objection Regional Developer (or its owners) might have with either the jurisdiction of or venue in those courts. Nonetheless, Regional Developer and any of its Owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which Regional Developer or its Owners are domiciled.

15.9 Waiver of Punitive Damages and Jury Trial. Except for Regional Developer's obligation to indemnify us under Section 15.2 above and except where authorized by federal statute, we and Regional Developer and its Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and Regional Developer, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and Regional Developer irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

15.10 Limitation of Claims. Any and all claims arising out of or relating to this Agreement or our relationship with Regional Developer, except for claims for indemnification under Section 15.2 above, will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

15.11 Entire Agreement. This Agreement and the Exhibits incorporated in the Agreement contain all of the terms and conditions agreed upon by the parties to this Agreement with reference to the subject matter of this Agreement. No other agreements, and all prior agreements, understanding and representations are merged in this Agreement and superseded by this Agreement. Each party represents to the other that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. This Agreement cannot be modified or changed except by written instrument signed by all of the parties to this Agreement, provided that we may modify or amend the Manuals at any time without notice to, or approval of, Regional Developer or any other person. Nothing in this Agreement shall have the effect of disclaiming any of the information in the Franchise Disclosure Document or its attachments or addenda.

15.12 Title for Convenience. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

15.13 Gender. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section or paragraph hereof may require.

15.14 Severability. Except as expressly provided to the contrary in this Agreement, each Section, paragraph, term and provision of this Agreement in severable, and if, for any reason, any part thereof, to be invalid or contrary to or in conflict with any applicable present or future law and regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction, that ruling will not impair the operation or, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, we and Regional Developer agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provisions to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Regional Developer agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

15.15 Fees and Expenses. Should any party to this Agreement commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision of this Agreement, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision of this Agreement, or for a declaration of such party's rights or obligations under this Agreement, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees for the services rendered to such prevailing party.

15.16 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant to this Agreement shall be deemed so delivered at the time delivered by hand, one (1) business day after transmission by mail, via registered or certified mail, return receipt requested; or one (1) business day after placement with Federal Express, or other reputable air courier service, requesting delivery on the most expedited basis available, postage prepaid and addressed as follows:

If to company: THE JOINT CORP.
9383 East Bahia Dr., Ste. 100
Scottsdale, AZ 85260

With a copy to: _____

If to Regional Developer: _____

With a copy to:

_____
_____
_____
_____

Or to such other addresses any such party may designate by ten (10) days' advance written notice to the other party.

15.17 Time of Essence. Time shall be of the essence for all purposes of this Agreement.

15.18 Lien and Security Interest. To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (a) all inventory now owned or after-acquired by you and the Regional Developer Business, including but not limited to all inventory and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of you and/or the Regional Developer Business now existing or subsequently arising, together with all interest in you and/or the Regional Developer Business, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Regional Developer Business, now existing or subsequently arising; and (d) all general intangibles of you and/or the Regional Developer Business, now owned or existing, or after-acquired or subsequently arising. You agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in and to these assets.

16. SUBMISSION OF AGREEMENT.

This Agreement shall not be binding upon us unless and until it shall have been submitted to and signed by our Chief Executive, and the date of said signing as set forth on the first page of this Agreement shall be the effective date of this Agreement.

17. ACKNOWLEDGMENTS.

To induce us to sign this Agreement and grant Regional Developer the Franchise, Regional Developer acknowledges:

(a) That Regional Developer has independently investigated the Regional Developer Business franchise opportunity and recognizes that, like any other business, the nature of the Regional Developer Business may, and probably will, evolve and change over time.

(b) That an investment in an Regional Developer Business involves business risks.

(c) That Regional Developer's business abilities and efforts are vital Regional Developer's success.

(d) That performing Regional Developer's obligations will require a high level of customer service and strict adherence to the System.

(e) That Regional Developer has not received or relied upon, and we expressly disclaim making any representation, warranty or guaranty, express or implied, as to the revenues, profits or success of a Regional Developer Business or any Franchise.

(f) That any information Regional developer has acquired from other Franchise Franchisees or regional developers regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

(g) That Regional Developer has no knowledge of any representations made about the Regional Developer franchise opportunity by us, our subsidiaries or affiliates or any of their respective officers, directors, shareholders or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms and conditions of this Agreement.

(h) That in all of their dealing with Regional Developer, our officers, directors, employees and agents act only in a representative, and not in an individual capacity and that business dealings between Regional Developer and them as a result of this Agreement are only between Regional Developer and us.

(i) That Regional Developer has represented to us, to induce us to enter into this Agreement, that all statements Regional Developer has made and all materials Regional Developer has given to us in acquiring the franchise are accurate and complete and that Regional Developer has made no misrepresentations or material omissions in obtaining the franchise.

(j) That Regional Developer has read this Agreement and our Franchise Disclosure Document and understands and accepts that the terms and covenants in this Agreement are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Regional Developer Business and Franchise, and to protect and preserve the goodwill of the Marks.

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be executed as of the first date set forth above.

COMPANY:

THE JOINT CORP.
a Delaware corporation

_____

By:_____

Its:_____

REGIONAL DEVELOPER:

_____
_____

By:_____

Its:_____

EXHIBIT 1

DEVELOPMENT AREA AND DEVELOPMENT RIGHTS

The Development Area referred to in Recital D of this Agreement shall be the following geographic area:_____

The total Development Rights (total number of Franchises authorized for development within the Development Area) are: ____ Franchises**.**

If you purchase the right develop additional Franchises within your Development Area during the initial Term, the cost to purchase such additional Franchises shall be the greater of $_____, or ____ percent (___%) of the then-current franchise fee for a Franchise, for each additional Franchise that you purchase. If you do not purchase the right to develop additional Franchises, we will have the right, pursuant to Section 2.1(d) of the Agreement, to develop such additional Franchises on our own, or to grant the development rights for such additional Franchises to others.

EXHIBIT 2

MINIMUM DEVELOPMENT OBLIGATION

DEVLEOPMENT SCHEDULE

The Joint RD FDD – Exhibit C – RD Agreement

EXHIBIT 3

OWNERSHIP STRUCTURE

Owner Name and Address	Number of Shares	Percentage of Ownership
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL	_____	**100%**

The Joint RD FDD – Exhibit C – RD Agreement

EXHIBIT 4

OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the foregoing Regional Developer Agreement dated _____, 20___ ("Agreement") by THE JOINT CORP., a Delaware corporation ("us"), and the Regional Developer ("Franchise Owner"), _____, each of the undersigned owners of the Franchise Owner and their respective spouses ("you", for purposes of this Guaranty only), hereby personally and unconditionally (1) guarantees to us and our successors and assigns that the Franchise Owner will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchise Owner or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchise Owner which you may have arising out of your guaranty of the Franchise Owner's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchise Owner fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchise Owner or any other person; (4) 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 Franchise Owner 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 (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchise Owner has any obligations under the Agreement.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us.

This Guaranty is now executed as of the Agreement Date.

OWNER:	**OWNER'S SPOUSE:**
_____	_____
OWNER:	**OWNER'S SPOUSE:**
_____	_____
OWNER:	**OWNER'S SPOUSE:**
_____	_____

EXHIBIT 5

STATE-SPECIFIC ADDENDA

TO REGIONAL DEVELOPER AGREEMENT

Addenda to RD Agreement

CALIFORNIA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

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

2. 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.).

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

4. The franchise agreement requires binding arbitration. The arbitration will occur in Maricopa County, State of Arizona.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

5. The Agreement requires the application of laws of Arizona. This requirement may be unenforceable under California law.

6. You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

THE JOINT CORP.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____
Title: _____

HAWAII ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. The Regional Developer Agreements contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Hawaii Franchise Investment Law.

2. Any provisions of the Regional Developer Agreement that relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.

3. The Regional Developer Agreement permits us to terminate the Agreement on the bankruptcy of you and/or your affiliates. This Article may not be enforceable under federal bankruptcy law. (11 U.S.C. § 101, *et seq*.).

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Hawaii Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

THE JOINT CORP.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____

Title: _____

By: _____

Title: _____

ILLINOIS ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Articles 3.2 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Illinois Franchise Disclosure Act.

2. Article 13 is supplemented by the addition of the following, which will be considered an integral part of the Agreement:

"If any of the provisions of this Article 13 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, Illinois law will apply."

3. The Illinois Franchise Disclosure Act will govern the Agreement with respect to Illinois Franchisees. The provisions of the Agreement concerning governing law, jurisdiction, and venue will not constitute a waiver of any right conferred on you by the Illinois Franchise Disclosure Act. Consistent with the foregoing, any provision in the Agreement which designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois.

4. This Agreement requires that it be governed by Arizona law. To the extent that such law conflicts with the Illinois Franchise Disclosure Act, the Act will control.

5. Although the Agreement requires litigation to be instituted in a state or federal court in the county and state where our principal executive offices are located, you must institute all litigation in a court of competent jurisdiction located in the State of Illinois, subject to the arbitration provision of the Agreement.

6. Nothing in the Agreement will limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended.

7. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois law applicable to the provision are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Illinois Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

THE JOINT CORP.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____ By: _____

Title: _____ Title: _____

INDIANA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Articles 3.2 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 § 1(5).

2. Under Article 15.4, you will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures or products which were required by us, if such procedures were utilized by you in the manner required by us.

3. Article 16.7 is amended to provide that arbitration between you and us will be conducted at a mutually agreed-on location.

4. Article 16.8 is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will prevail.

5. Nothing in the Agreement will abrogate or reduce any rights you have under Indiana law.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Indiana Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

THE JOINT CORP.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____

Title: _____

By: _____

Title: _____

MARYLAND ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

a. Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

b. Any provision in the Agreement that would require you, as part of the Agreement or as a condition of the sale, renewal or assignment of the franchise, to assent to a release which would relieve any person from liability imposed under the provisions of the Maryland Franchise Law is void if that the provision violates this law. The provision in the Franchise Agreement which 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. Any provision in the Agreement which operates to waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland is void if that the provision violates this law. Claims arising under the Maryland Franchise Law may be brought in any court of competent jurisdiction in Maryland, within 3 years after the grant of the franchise.

THE JOINT CORP.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____

Title: _____

By: _____

Title: _____

MINNESOTA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Article 8 is amended to add the following:

"We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks."

2. Articles 3.2 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Minnesota Franchise Law.

3. Article 13.1 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 a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Regional Developer Agreement.

4. Article 16.12 is amended as follows:

Pursuant to Minn. Stat. § 80C.17, Subd. 5, the parties agree that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues.

5. Articles 16.7, 16.8, and 16.9 are each amended to add the following:

Minn. Stat. Sec. 80C.2 1 and Minn. Rule 2860.4400J prohibit us from requiring litigation or arbitration to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Regional Developer 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.

6. Article 16.10 is amended to add the following:

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

7. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Minnesota Addendum to the Regional Developer Agreement on the same day as the Regional Developer Agreement was executed.

THE JOINT CORP.
a Delaware corporation
By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____
Title: _____

NEW YORK ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Article 14.1 is amended to add the following:

However, we will not make any such transfer or assignment except to a person who, in our good faith judgment, is willing and able to assume our obligations under this Agreement, and all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. Article 14.5 is amended to add the following:

However, all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

3. Article 15.4 is amended to add the following:

However, you will not be required to hold harmless or indemnify us for any claim arising out of a breach of this Agreement by us or any other civil wrong of us.

4. Article 16.13 is amended to add the following:

No amendment or modification of any provision of this Agreement, however, will impose any new or different requirement which unreasonably increases your obligations or places an excessive economic burden on your operations.

5. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

THE JOINT CORP.
a Delaware corporation
By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____
Title: _____

NORTH DAKOTA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Articles 3.2 and 14.5 each contain a provision requiring a general release as a condition of renewal or transfer of the franchise. Such release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.

2. Article 16.7 will be amended to state that arbitration involving a franchise purchased in North Dakota must be held in a location mutually agreed on prior to the arbitration, or if the parties cannot agree on a location, at a location to be determined by the arbitrator.

3. Article 18.2 is amended to add that covenants not to compete on termination or expiration of an Regional Developer Agreement are generally not enforceable in the State of North Dakota except in limited circumstances provided by North Dakota law.

4. Article 16.9 will be amended to add that any claim or right arising under the North Dakota Franchise Investment Law may be brought in the appropriate state or federal court in North Dakota, subject to the arbitration provision of the Agreement.

5. Article 16.8 will be amended to state that, in the event of a conflict of law, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will prevail.

6. Article 16.10 requires the franchisee to waive a trial by jury, as well as exemplary and punitive damages. These requirements are not enforceable in North Dakota pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, and are therefore not part of the Regional Developer Agreement.

7. Article 16.12 requirement that the franchise consent to a limitation of claims period of one year is not consistent with North Dakota law. The limitation of claims period under the Regional Developer Agreement shall therefore be governed by North Dakota law.

8. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this North Dakota Addendum to the Regional Developer Agreement on the same day as the Regional Developer Agreement was executed.

THE JOINT CORP.
a Delaware corporation
By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____
Title: _____

RHODE ISLAND ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Articles 3.2 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

2. This Agreement requires that it be governed by Arizona law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under Sec. 19-28.1-14.

3. Article 16.9 of the Agreement will each be amended by the addition of the following, which will be considered an integral part of this Agreement:

"§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in an Regional Developer Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act, §§ 19- 28-1.1 through 19-28.1-34, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rhode Island Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

THE JOINT CORP.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____

Title: _____

By: _____

Title: _____

VIRGINIA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

No addendum is required in Virginia at this time.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Virginia Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement Washington Addendum to RD Agreement was executed.

THE JOINT CORP.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____

Title: _____

By: _____

Title: _____

WASHINGTON ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the Regional Developer Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Regional Developer Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. The Department of Financial Institutions for the State of Washington requires that the payment of the Development Fee be deferred until we have completed our initial obligations under Item 11 and you open for business.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Washington Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.

THE JOINT CORP.
a Delaware corporation

By: _____
Print Name: _____
Title: _____

REGIONAL DEVELOPER

By: _____

Title: _____

By: _____

Title: _____

EXHIBIT C

TABLE OF CONTENTS OF MANUALS

The Joint RD FDD – Exhibit C – Table of Contents – RD Manual

REGIONAL DEVELOPER OPERATIONS MANUAL

Subject	Pages Devoted to Subject (approx.)
Welcome	1
Philosophy of RD	1
Corporate Contacts	1
Find and Market Leads	1
Present the Offer	1
Disclosing the Prospect	3
Finding a Location	3
Building a Clinic	6
Vendor Relations	2
Opening a Clinic	5
Marketing the Clinic	3
Daily Clinic Duties	6
Daily Clinic Reporting	1
Manual Review Checklist	1
Franchise Disclosure Document Overview	158
FTC Franchise Rules and Regulations	24
Franchise Rule Compliance	164

Total Pages (Approximate): 385

LOCATION FRANCHISE OPERATIONS MANUAL

SECTION	# OF PAGES
INTRODUCTION TO THE MANUAL	
Purpose of this Manual	1
Confidentiality Statement	1
Acknowledgement of Receipt	1
INTRODUCTION TO YOUR FRANCHISE SYSTEM	
Welcome Letter	1
Philosophy	1
Who to Contact	1
Overview of Services to Franchisees	1
Overview of Your Responsibilities	2
Support	1
Compliance Policies	1
Communication	1
Core Business Review	3
Fees	1
PRE-OPENING PROCEDURES	
Introduction	1
Countdown to Opening	1
Opening a Clinic From A to Z	9
EIN	1
Articles of Incorporation	2
State Tax ID	1
City License	1
Government Posters	3
Franchisee Training	1
CONSTRUCTION	
Introduction	8
“As is” Drawings	1
Finalized Space Plan	1
Finalized Drawings	1
Invitation to Bid	1
Bid Form	6
Finish Schedule	2

Interior Paint Pallet	1
General Notes for Qualifications	1
Apply for Building Permit	1
Constriction Punch List	4
Signage	1
Outdoor Banners	1
Indoor Banners	1
Window Decals	1
Interior Furniture	1
Art Package	1
Flowers and Plants	1
Front Counter Specs	9
Reception Wall Specs	2
Menu Board	1
Mission Board	1
Lighting	5
Adjusting Tables	2
Hardware/Software	1
Computer Mount	1
Ceiling	1
Carpet and Flooring	1
Storage	1
Decorative Wall	1
Reference Photos	3
Inventory and Supplies	1
FRANCHISEE GUIDELINES	
Insurance	4
Clinic Hours	2
Sample P&L	1
Adjusting Techniques	1
Documentation Policy	1
Music Guidelines	1
Data	1
Vendor Guide	2
HIPPA	9
Grand Opening Guidelines	2
Hiring Process	17
Sample Background Check	1
Human Resource Compliance	3
Employee Policies	2
Employee Handbook	9

DAILY OPERATING PROCEDURES

Customer Service Standards	3
Welcoming Patients	1
Phone Calls	2
Email	1
Patient Plans	4
Opening Duties	1
Checking ARB	2
Doctor Daily Duties	2
Clinic Forms	17
Methods of Payments	4
Referral Program	2
Benefits of Routine Care	1
Dress Code	3
Sales Approach	4
Closing Duties	1

SOFTWARE

Intro	1
Support	1
What is J4	1
Getting Started	1
Navigating the Dashboard	4
New Patients	2
Adding Family Members	1
Removing Family Members	1
Existing Patients	1
Removing Patients	1
Payments and Adjustments	1
Balance Adjustment	3
Back Office	1
Initial Exam	4

MARKETING

Guidelines	1
Contacts	1
Marketing 101	4
Grand Opening Plan	3
Tools	5
Zone Advertising	3
Display Ads	1
Inserts	1
Post it Notes	1
Wraps	4
Miscellaneous	2
Marketing	3
Email Marketing	2
Online Marketing	2
Additional Options	3
Guerilla Marketing	5
The Message	3
Clayton Kendall	4
Social Media	5

Total Pages (Approximate) - 298

EXHIBIT D

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

THE JOINT CORP.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

THE JOINT CORP. AND SUBSIDIARY

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1
CONSOLIDATED FINANCIAL STATEMENTS:	
Consolidated Balance Sheets, December 31, 2012 and 2011	2-3
Consolidated Statements of Income For the Year Ended December 31, 2012 and 2011	4
Consolidated Statements of Stockholders' Equity For the Year Ended December 31, 2012 and 2011	5
Consolidated Statements of Cash Flows For the Year Ended December 31, 2012 and 2011	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7-17

Farber Hass Hurley LLP
Certified Public Accountants
888 West Ventura Blvd., #A
Camarillo, CA 93010
www.fhhcpas.com
Telephone: (805) 504-8410
Facsimile: (805) 388-1300

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
The Joint Corp. and Subsidiary

We have audited the accompanying consolidated balance sheets of The Joint Corp. and Subsidiary (the "Company") as of December 31, 2012 and 2011 and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Joint Corp. and Subsidiary as of December 31, 2012 and 2011 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Farber Hass Hurley LLP

March 29, 2013

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$3,641,668	$1,563,699
Accounts receivable, net	106,898	27,207
Notes receivable, including related party	32,104	-
Prepaid income taxes	158,735	-
Deferred tax asset	505,621	-
Prepaid expenses	48,969	-
Other current assets	21,829	19,095
Total current assets	4,515,824	1,610,001
PROPERTY AND EQUIPMENT, Net	229,580	195,350
OTHER ASSETS:		
Notes receivable	79,646	-
Deposits and other assets	16,964	4,490
Total other assets	96,610	4,490
TOTAL ASSETS	$4,842,014	$1,809,841

(Continued)

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS - Continued
DECEMBER 31, 2012 AND 2011

	2012	2011
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 101,363	$ 237,720
Income taxes payable	-	45
Co-op funds liability	44,774	-
Payroll liabilities	70,324	31,121
Marketing fund liability	31,302	-
Deferred franchise fees	3,594,767	1,309,900
Total current liabilities	3,842,530	1,578,786
DEFERRED TAX LIABILITY	86,095	-
DEFERRED RENT LIABILITY	-	13,192
TOTAL LIABILITIES	3,928,625	1,591,978
STOCKHOLDERS' EQUITY:		
Series A preferred stock, $0.001 par value; 50,000 shares authorized, 25,000 issued and outstanding, each Share convertible into a share of common stock at option of holder, aggregate liquidation preference of $1,000,000	25	25
Common stock, $0.001 par value, 4,000,000 shares authorized, 3,000,000 shares issued and Outstanding at December 31, 2012 and 2011	3,000	3,000
Additional paid-in capital	997,075	997,075
Accumulated deficit	(86,711)	(782,237)
TOTAL STOCKHOLDERS' EQUITY	913,389	217,863
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,842,014	$1,809,841

See accompanying notes to consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
REVENUES:		
Royalty fees	$ 536,236	$ 212,724
Franchise fees	3,573,133	1,265,100
Regional developer fees	2,118,250	1,464,500
Chiropractic service revenue	60,122	102,864
IT related income & software fees	356,050	83,475
Other revenues	45,315	7,464
Total revenues	6,689,106	3,136,127
COSTS AND EXPENSES:		
Costs of revenues	3,142,391	1,153,946
Selling and marketing expenses	693,779	401,918
Depreciation and amortization	49,814	18,721
General and administrative expenses	2,422,175	1,474,127
Total expenses	6,308,159	3,048,712
INCOME FROM OPERATIONS	380,947	87,415
OTHER INCOME	36,318	48,962
INCOME BEFORE PROVISION FOR INCOME TAXES	417,265	136,377
PROVISION (BENEFIT) FOR INCOME TAXES	(278,261)	45
NET INCOME	$ 695,526	$ 136,332
NET INCOME (LOSS) PER SHARE:		
Basic	$ .23	$ .05
Diluted	$ .19	$ .05
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	3,000,000	3,000,000
Diluted	3,750,000	3,750,000

See accompanying notes to consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total
BALANCE, DECEMBER 31, 2010	25	3,000	$997,075	$(918,569)	$ 81,531
NET INCOME	-	-	-	136,332	136,332
BALANCE, DECEMBER 31, 2011	25	3,000	997,075	(782,237)	217,863
NET INCOME	-	-	-	695,526	695,526
BALANCE, DECEMBER 31, 2012	$25	$3,000	$997,075	$ (86,711)	$913,389

See accompanying notes to consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 695,526	$ 136,332
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49,814	18,721
Changes in operating assets and liabilities:		
Accounts receivable	(79,691)	(18,441)
Other current assets	(210,438)	(19,095)
Deposits	(12,474)	2,360
Accounts payable	(136,357)	(14,462)
Other accrued expenses	102,042	158,086
Deferred franchise fees	2,284,867	1,095,400
Deferred taxes	(419,526)	-
Net cash provided by operating activities	2,273,763	1,358,901
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(131,311)	(17,857)
Disposals of equipment	47,267	-
Construction in-process	-	(122,800)
Net cash flows used in investing activities	(84,044)	(140,657)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of note receivable	(111,750)	-
Net cash provided by financing activities	(111,750)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,077,969	1,218,244
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,563,699	345,455
CASH AND CASH EQUIVALENTS, END OF PERIOD	$3,641,668	$1,563,699
CASH PAID FOR:		
Taxes	$ 300,000	$ 45
Interest	-	-

See accompanying notes to consolidated financial statements.

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Joint Corp. ("The Joint" or the "Company"), was incorporated in Delaware on March 10, 2010. The Company develops, owns, operates and franchises chiropractic clinics under the name of "The Joint". The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities. As of December 31, 2012, there were 82 clinics operating in 17 states. An additional 258 franchise clinics were committed to be opened through signed franchise agreements and an additional 242 clinics were committed to be developed through signed area development agreements with Regional Developers as of December 31, 2012.

The Joint Corporate Unit No. 1, LLC ("Clinic"), was formed in Arizona on July 14, 2010, for the purpose of operating chiropractic centers in the state of Arizona. The Clinic was sold on July 1, 2012 and all remaining account balances are consolidated with the Company as of December 31, 2012.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation.

Acquisition - On March 24, 2010, The Joint Corp. acquired certain franchise agreements, intellectual property rights, and trade receivables of the Joint Franchise Co., LLC in exchange for 8,000 shares of the Company's common stock. Under the terms of the asset purchase agreement, The Joint Corp. assumed the liabilities of The Joint Franchise Co., LLC for the performance of the franchisor's obligations under the acquired franchise agreements. Management has determined that there is no material value associated with the assets received or stock issued under the asset purchase agreement. Therefore, there is no acquisition accounting for the estimated fair value of the assets acquired.

Management's Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts

of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments – Due to their short-term nature, the carrying value of the current financial assets and liabilities approximates their fair value. The fair value of long-term debt approximates the carrying amount based upon the expected borrowing rate for debt with similar remaining maturities and comparable risk.

Cash and Cash Equivalents – Cash equivalents include all investments with original maturities of three months or less or which are readily convertible into known amounts of cash and are not legally restricted. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000, while the remaining balance of approximately $3,400,000 is uninsured at December 31, 2012. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable, Net – The Company provides an allowance for uncollectible accounts on accounts receivable based on historical losses and existing economic conditions, when relevant. They provide for a general bad debt reserve for franchise receivables due to increases in days' sales outstanding and deterioration in general economic market conditions. This general reserve is based on the aging of receivables meeting specified criteria and is adjusted each quarter based on past due receivable balances. Any changes to the reserve are recorded in general and administrative expenses. There was no allowance for uncollectible accounts at December 31, 2012 and 2011. The Company does not accrue interest on outstanding amounts.

Property and Equipment – Property, equipment and leasehold improvements are recorded at cost. Repair and maintenance costs are charged to operations when incurred. Furniture, fixtures, and equipment are depreciated using the straight-line method over estimated useful lives ranging from 3-7 years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term, including reasonably assured renewal options, or the estimated useful life of the assets.

Recoverability of Property, Equipment and Leasehold Improvements, Impairment Charges, and Exit and Disposal Costs - The Company evaluates clinic sites and long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of clinic sites to be held and used is measured by a comparison of the carrying amount of the site to the undiscounted future net cash flows expected to be generated on a clinic-by-clinic basis. If a clinic is determined to be impaired, the loss is measured as the amount by which the carrying amount of the clinic exceeds its fair value. Fair value, as determined by the discounted future net cash flows, is estimated based on the best information available including estimated future cash flows, expected growth rates in comparable clinic sales, remaining lease terms and other factors. If these assumptions change in the future, the Company may be required to take additional impairment charges for the related assets. Considerable management judgment is necessary to estimate future cash flows. Accordingly, actual results could vary significantly from the estimates.

The Company accounts for exit or disposal activities, including clinic closures, in accordance with the FASB Accounting Standards Codification for Exit or Disposal Cost Obligations. Such costs include the cost of disposing of the assets as well as other facility-related expenses from previously closed clinics. These costs are generally expensed as incurred. Additionally, at the date they cease using a property under an operating lease, the Company records a liability for the net present value of any remaining lease obligations, net of estimated sublease income. Any subsequent adjustments to that liability as a result of lease termination or changes in estimates of sublease income are recorded in the period incurred. Upon disposal of the assets associated with a closed clinic, any gain or loss is recorded in the same caption as the original impairment within the Consolidated Statements of Operations.

Marketing Fund and Restricted Cash - In year ended 2010, the Company established a system-wide Marketing fund. Company-owned clinics in addition to franchise-operated clinics, that entered into franchise agreements with the Company after March 10, 2010, are required to contribute a percentage of net sales to the fund that is used for public relations and marketing development efforts throughout the system. These clinics were required to contribute 1.0% of net sales to this fund. The assets held by this fund are considered restricted and are in a separate checking

account. The excess of cash held over the related expenditures is recorded as a liability and is included in accounts payable on the consolidated balance sheet as of December 31, 2012. As of December 31, 2011, the marketing expenditures relating to the marketing fund exceeded the marketing fund collections from the franchisees and, accordingly, this was recorded as an expense in the Consolidated Statements of Operations.

Common Stock - Certain stockholders entered into the Founder's Restricted Stock Purchase Agreements (FRSPA) where their purchase of stock vests over a three-year period. This form of agreement is used to ensure that the stock owned by all of the founders is at risk and thus subject to forfeiture if a founder leaves the Company.

The FRSPA permits the Company to buy back any shares not vested should the founder cease to be an employee, consultant, director or advisor. In 2011, one employee left the Company and his 424,500 restricted shares were returned and 212,250 unrestricted shares were issued. The remaining 212,250 shares were issued to new management under the FRSPA agreement. There were 388,980 shares restricted at December 31, 2012 and 2011.

On January 9, 2013, a Certificate of Amendment of Certificate of Incorporation was filed with the Delaware Secretary of State. This amendment authorized the Company to increase the number of Common Stock shares from 150,000 to 4,000,000.

On November 26, 2012, the Board declared a dividend of 29 shares of common stock of the Company on each share of common stock outstanding as of December 1, 2012. The stock dividend is effective and payable automatically as of the effective date of the Certificate of Amendment which was January 9, 2013.
The stock dividend has been accounted for as a stock split and retroactively reflected in these financial statements. After the stock dividend, 750,000 shares of the Company's common stock shall be reserved for issuance upon the conversion of any shares of its preferred stock.

Revenue Recognition - The Company records clinic sales at the time chiropractic services are rendered. The Company's revenue recognition policy for franchise and regional developer agreements is detailed below.

Franchise Arrangements – The franchise related revenue consists of initial franchise fees, transfer fees, successor fees, continuing royalty payments, software fees and IT related income.

The initial, non-refundable, franchise fee was typically $19,500 from March 2010 to April 1, 2011 and then increased to $29,000 per clinic, of which $1,000 to $15,300, respectively, is recognized immediately when a franchise agreement is signed, reflecting the commission earned related to the sale. The remaining non-refundable fee of $18,500 to $27,550 is included in deferred franchise fees and is recognized as revenue when the Company has performed substantially all of its obligations, which generally occurs upon the opening of the clinic.

Transfer fees represent consideration paid by the new franchisee to obtain the same rights and services as the former franchisee when ownership is transferred. Successor fees are charged to existing franchisees upon renewal of the franchise agreement. This fee is similar to, but typically less than the initial fee. No successor fees have occurred to date.

All franchise clinics pay a royalty equal to 7% of gross sales and an ad fund fee of 1% of gross sales. Certain franchises with franchise agreements acquired as part of the asset purchase discussed in Acquisition pay monthly flat fees of $699 under their existing agreements.

Franchise clinics pay a computer software fee of $275 monthly for use of the Company's proprietary chiropractic software, computer support and internet services support. The new proprietary software was rolled out to all of the clinics in April 2012.

IT related revenue represents a fee of $3,800 to purchase the clinic's computer equipment, pre-installed chiropractic system software, the key card scanner (patient identification card), credit card scanner and credit card receipt printer.

Regional Developer Fee - Starting in 2011, the Company established a regional development program to bring on independent contractors to assist in developing a specified geographical region or unit. The Regional Developer (RD) pays a fee for the right to develop this unit and in turn, generally receives 50% of all franchise fees collected and 3% of all royalties collected for their region. Any clinics developed by the RD over their contracted minimum in the territory, requires no additional fee. The RD fee consists of a one-time, non-refundable payment equal to $7,250 per unit in consideration for the services the Company performs prior to the execution of the regional development agreement and receipt of the

corresponding fee. Substantially all of these services, which include, but are not limited to the following: a meeting with the Company's Executive Team, performing background investigations on potential RD's and establishing the territory based upon the amount of funds the RD has available to invest. As a result, the Company recognizes this RD fee in full upon receipt. The Regional Development Agreements have an initial term of 10 years.

Significant Customers – During 2012, one customer accounted for approximately 10% of total revenues. During 2011, four customers accounted for approximately 47% (14%, 12%, 11% and 10%) of total revenues.

Advertising Costs – Advertising costs are charged to expense as incurred. Advertising costs were approximately $223,775 and $132,512, for fiscal years 2012 and 2011, respectively, and are included in operating expenses in the Consolidated Statements of Operations.

Pre-opening Expenses – All start-up and pre-opening clinic costs are expensed as incurred. In fiscal 2012, the Company did not open any new Company-owned clinics.

Lease Accounting – The Company recognizes lease expense on a straight-line basis for their operating leases over the entire lease term including lease renewal options and build-out periods where the renewal is reasonably assured and the build-out period takes place prior to the clinic opening or lease commencement date. The Company accounts for construction allowances by recording a receivable when its collectability is considered probable, and relieve the receivable once the cash is obtained from the landlord for the construction allowance. Construction allowances are amortized as a credit to rent expense over the full term of the lease, including reasonably assured renewal options and build-out periods.

Income Taxes – The Company provides for income taxes based on their estimate of federal and state income tax liabilities. These estimates include, among other items, effective rates for state and local income taxes, allowable tax credits for items such as estimates related to depreciation and amortization expense allowable for tax purposes and the tax deductibility of certain other items. The estimates are based on the information available to the Company at the time they prepare the income tax

provision. The Company generally files their annual income tax returns several months after their year end. Income tax returns are subject to audit by federal, state, and local governments, generally years after the tax returns are filed. These returns could be subject to material adjustments or differing interpretations of the tax laws.

Net Income per Common Share – Basic net income per common share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding for the reporting period. Diluted EPS equals net income divided by the sum of the weighted average number of shares of common stock outstanding plus all additional common stock equivalents relating to preferred stock when dilutive. Total common stock equivalents that could be convertible into common stock were 750,000 for 2012 and 2011.

Reclassifications - Certain amounts in 2011 have been reclassified to conform to the 2012 presentation.

Company-Owned Clinic - The results of operations for the Company's owned clinic for 2012 and 2011 are as follows:

	2012 (1/2 yr)	2011
Revenues	$ 60,122	$102,864
Costs	81,244	171,941
Net Loss	$(21,122)	$(69,077)

2. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 and 2011 consists of the following:

	2012	2011
Office and computer equipment	$ 28,817	$ 38,911
Leasehold improvements	-	44,131
Software developed	247,085	11,300
Construction in-process	-	122,800
Total property and equipment	275,902	217,142
Accumulated depreciation and amortization	(46,322)	(21,792)
Property and equipment, net	$229,580	$195,350

Depreciation and amortization expense was $49,814 and $18,721 for the periods ended December 31, 2012 and 2011, respectively.

3. NOTES RECEIVABLE, INCLUDING RELATED PARTY

On October 18, 2012 Mr. Fred Gerretzen, shareholder and Director, transferred his ownership in a clinic to a third party. Per the franchise agreement, when a clinic license is transferred, the Company charges a $21,750 transfer fee to the transferring entity. At the time of transfer, the Board approved a deferral of payment for 12 months. Mr Gerretzen was issued a promissory note for $21,750 at 0% annum, calculated an implied interest rate of 2-3% based upon current interest rates and determined the interest would be less than $200. The note matures October 17, 2013 and is classified as short-term.

Effective July, 1, 2012, the Company sold the Company-owned Clinic for $90,000 including the license agreement, equipment and customer base. The Company received a promissory note for $90,000 that bears interest at 6% per annum for fifty-four(54) months. The purchaser agreed to make monthly principal and interest payments over forty-two (42) months starting August 1, 2014. The note matures on January 1, 2018.

	2012
Short-term note receivable	$ 32,105
Long-term note receivable	79,645
Total Notes receivable	$111,750

The unpaid interest receivable was $2,734 as of December 31, 2012.

4. OPERATING LEASES

The Company has various operating leases for the clinic and corporate office space with remaining lease terms ranging from 1 to 3 years, excluding lease renewal options. All of these leases contain provisions for payments of real estate taxes, insurance and common area maintenance costs. Total occupancy lease costs for December 31, 2012 and 2011 including rent and CAM charges were approximately $117,002 and $185,357, respectively. Minimum rents were approximately $132,657 and $144,300 for December 31, 2012 and 2011, respectively.

In 2011, the Company subleased part of its corporate office space to a stockholder under a month-to-month arrangement. In 2011, the Company recognized $49,000 of sublease income which partially offset rent expense.

Effective July 1, 2012, the Company subleased the Clinic location to the purchaser and the payments were made directly to the landlord. The lease expires December 31, 2015.

Future minimum lease payments existing at December 31, 2012 were:

Year End	
2013	$130,428
2014	24,080
2015	22,500
2016	-
Total	$177,008

5. INCOME TAXES

The following table summarizes the income tax expense for income taxes:

	2012	2011
CURRENT:		
Federal	$ 122,353	$ -
State	18,912	45
DEFERRED:		
Federal	(369,118)	-
State	(50,409)	-
Total	$(278,261)	$45

The impact of uncertain tax positions taken or expected to be taken on income tax returns must be recognized in the financial statements at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained.

The Company files income tax returns in the U.S. federal jurisdiction and in Arizona jurisdiction. The effective tax rate for 2012 and 2011 differs from the U.S. Federal statutory tax rate of 34% due to the treatment of franchise fees which are deferred for book purposes and the utilization of net operating losses in 2011.

The Company's tax returns remain open to examination by the related tax jurisdictions for 2010 and 2011.

Deferred taxes recognize the impact of temporary differences between the amounts of assets and liabilities recorded for financial statement purposes and such amounts measured in accordance with tax laws. The net deferred tax asset of approximately $420,000 and $244,000 at December 31, 2011 and 2010, respectively, represents primarily the recognition of franchise fees between book and tax return purpose, $506,000, and deprecation differences ($86,000) in 2012. In 2011, the difference was due to available net operating loss carryforwards. During year end 2012 and 2011, the deferred tax asset was reviewed for expected utilization using a "more likely than not" approach as required by FASB Standard Codification for Income Taxes, by assessing the available positive and negative evidence surrounding its recoverability. The Company was still in the early stages of developing its business model in 2011 and, accordingly, it had provided a full valuation allowance against this asset in 2011. The valuation allowance decreased approximately $224,000 due to the utilization of its net operating loss carryforward.

6. RELATED PARTY TRANSACTIONS

The Company entered into consulting and legal agreements with certain common stockholders related to services performed for the development of the Company. Amounts paid to these stockholders were $556,186 and $525,939, and rents received of $0 and $48,962, for the years ended December 31, 2012 and 2011, respectively. Amounts due to these stockholders at December 31, 2012 and 2011 were $1,263 and $525, respectively, and are included in accounts payable on the accompanying consolidated balance sheet.

As noted in the Notes Receivable footnote above, Mr. Fred Gerretzen, shareholder and Director, transferred his ownership in a clinic to a third party. When the transfer occurred, the Board approved a deferral of the $21,750 payment for 12 months. A promissory note was issued at 0% annum. The note matures October 17, 2013.

7. CONTINGENCIES

The Company currently has no claims filed against it. At such time any claim is filed, the Company will determine the likelihood of a favorable or unfavorable outcome and will accrue for the contingency based upon the most recent information.

8. SUBSEQUENT EVENTS (UNAUDITED)

APPROVAL OF 2012 STOCK PLAN AND RESERVATION OF SHARES
In November 2012, the Company adopted the 2012 Stock Plan. The purpose of the 2012 Plan is to attract and retain the best available personnel for positions of substantial responsibility, provide incentives and additional ownership opportunities for employees, directors and consultants, and generally promote the success of the Company's business. A recommended amount of shares to set aside for this purpose will be presented to the stockholders at the Annual Shareholder's Meeting in April 2013.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

The Joint RD FDD – Exhibit D – Financial Statements

THE JOINT CORP.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

THE JOINT CORP. AND SUBSIDIARY

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Farber Hass Hurley LLP
Certified Public Accountants

888 West Ventura Blvd., #A
Camarillo, CA 93010
www.fhhcpas.com

Telephone: (805) 504-8410
Facsimile: (805) 388-1300

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
The Joint Corp. and Subsidiary

We have audited the accompanying consolidated balance sheet of The Joint Corp. and Subsidiary (the "Company") as of December 31, 2011 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Company as of December 31, 2010, prior to restatement, were audited by other auditors whose report dated April 2, 2011, expressed an unqualified opinion on those statements. We also reviewed the adjustment described in Note 1 that was applied to restate the 2010 financial statements. In our opinion, such adjustment is appropriate and has been properly applied.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Joint Corp. and Subsidiary as of December 31, 2011 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Farber Hass Hurley LLP

April 10, 2012

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2011 AND 2010

	2011	2010 As Restated
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$1,563,699	$ 345,455
Accounts receivable, net	27,207	8,766
Other current assets	19,095	-
Total current assets	1,610,001	354,221
Property and equipment, net	195,350	73,414
OTHER ASSETS - Deposits	4,490	6,850
TOTAL ASSETS	$1,809,841	$ 434,485

(Continued)

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS - Continued
DECEMBER 31, 2011 AND 2010

	2011	2010 As Restated
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 66,920	$ 81,382
Income taxes payable	45	45
Accrued expenses	170,800	18,460
Payroll liabilities	31,121	33,000
Deferred franchise fees	1,309,900	214,500
Total current liabilities	1,578,786	347,387
DEFERRED RENT LIABILITY	13,192	5,567
TOTAL LIABILITIES	1,591,978	352,954
STOCKHOLDERS' EQUITY:		
Series A preferred stock, $0.001 par value; 50,000 shares authorized, 25,000 issued and outstanding, each share convertible into a share of common stock at option of holder, aggregate liquidation preference of $1,000,000	25	25
Common stock, $0.001 par value, 150,000 shares authorized, 100,000 shares issued and outstanding at December 31, 2011 and 2010	100	100
Additional paid-in capital	999,975	999,975
Accumulated deficit	(782,237)	(918,569)
TOTAL STOCKHOLDERS' EQUITY	217,863	81,531
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,809,841	$ 434,485

See accompanying notes to consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
FOR THE PERIOD MARCH 10, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2010

	2011	2010 As Restated
REVENUES:		
Royalty fees	$ 212,724	$ 64,427
Franchise fees	1,265,100	-
Regional developer fees	1,464,500	-
Chiropractic service revenue	102,864	11,188
Other revenues	90,939	-
Total revenues	3,136,127	75,615
COSTS AND EXPENSES:		
Costs of sales	1,153,946	76,255
Selling and marketing expenses	401,918	260,299
Depreciation and amortization	18,721	3,071
General and administrative expenses	1,474,127	723,649
Total expenses	3,048,712	1,063,274
INCOME(LOSS) FROM OPERATIONS	87,415	(987,659)
OTHER INCOME	48,962	69,135
INCOME(LOSS) BEFORE PROVISION FOR INCOME TAXES	136,377	(918,524)
PROVISION FOR INCOME TAXES	45	45
NET INCOME (LOSS)	$ 136,332	$ (918,569)
NET INCOME (LOSS) PER SHARE:		
Basic	$ 1.36	$ (9.19)
Diluted	$ 1.09	$ (9.19)
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	100,000	100,000
Diluted	125,000	100,000

See accompanying notes to consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011 AND
FOR THE PERIOD MARCH 10, 2010 (DATE OF
INCEPTION) TO DECEMBER 31, 2010

	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total
BALANCE, MARCH 10, 2010	$ -	$ -	$ -	$ -	$ -
ISSUANCE OF SERIES A PREFERRED STOCK	25		999,975		1,000,000
ISSUANCE OF COMMON STOCK		100			100
NET LOSS				(918,569)	(918,569)
BALANCE, DECEMBER 31, 2010, AS RESTATED	25	100	999,975	(918,569)	81,531
NET INCOME				136,332	136,332
BALANCE, DECEMBER 31, 2011	$25	$100	$999,975	$(782,237)	$ 217,863

See accompanying notes to consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011 AND FOR THE PERIOD MARCH 10, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2010

	2011	2010 As Restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income(loss)	$ 136,332	$ (918,569)
Adjustments to reconcile net income (loss) to net cash provided by (used) in operating activities:		
Depreciation and amortization	18,721	3,071
Compensation associated with issuance of common stock	-	100
Changes in operating assets and liabilities:		
Accounts receivable	(18,441)	(8,766)
Other current assets	(19,095)	-
Deposits	2,360	(6,850)
Accounts payable	(14,462)	81,382
Other accrued expenses	158,086	57,072
Deferred franchise fees	1,095,400	214,500
Net cash provided by (used in) operating activities	1,358,901	(578,060)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(6,557)	(76,485)
Purchases of software development	(11,300)	-
Construction in-process	(122,800)	-
Net cash flows used in investing activities	(140,657)	(76,485)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Series A preferred stock	-	1,000,000
Net cash provided by financing activities	-	1,000,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,218,244	345,455
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	345,455	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	$1,563,699	$ 345,455

See accompanying notes to consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The Joint Corp. ("The Joint" or the "Company"), was incorporated in Delaware on March 10, 2010. The Company develops, owns, operates and franchises chiropractic clinics under the name of "The Joint". The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities. As of January 1, 2012, there were 30 clinics operating in 11 states, including one Company-owned clinic and 29 franchise-operated clinics. An additional 97 franchise clinics were committed to be opened through signed franchise agreements and an additional 138 clinics were committed to be developed through signed area development agreements with Regional Developers as of December 31, 2011.

The Joint Corporate Unit No. 1, LLC ("Clinic"), was formed in Arizona on July 14, 2010, for the purpose of operating chiropractic centers in the state of Arizona.

Restatement - The financial statements for the period ended December 31, 2010 have been restated to reflect the expensing of the excess of expenditures related to the Marketing Fund over cash received from franchisees. The total adjustment was an increase in Selling and Marketing Expenses and a reduction in Current Assets amounting to $95,985.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation.

Acquisition - On March 24, 2010, The Joint Corp. acquired certain franchise agreements, intellectual property rights, and trade receivables of the Joint Franchise Co., LLC in exchange for 8,000 shares of the Company's common stock. Under the terms of the asset purchase agreement, The Joint Corp. assumed the liabilities of The Joint Franchise Co., LLC for the performance of the franchisor's obligations under the acquired franchise agreements. Management has determined that there is no material value associated with the assets received or stock issued under the asset purchase agreement. Therefore, there is no acquisition accounting for the estimated fair value of the assets acquired.

Management's Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments – Due to their short-term nature, the carrying value of the current financial assets and liabilities approximates their fair value. The fair value of long-term debt approximates the carrying amount based upon the expected borrowing rate for debt with similar remaining maturities and comparable risk.

Cash and Cash Equivalents - Cash equivalents include all investments with original maturities of three months or less or which are readily convertible into known amounts of cash and are not legally restricted. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000, while the remaining balance of approximately $852,000 is uninsured at December 31, 2011. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable, Net - The Company provides an allowance for uncollectible accounts on accounts receivable based on historical losses and existing economic conditions, when relevant. They provide for a general bad debt reserve for franchise receivables due to increases in days' sales outstanding and deterioration in general economic market conditions. This general reserve is based on the aging of receivables meeting specified criteria and is adjusted each quarter based on past due receivable balances. Any changes to the reserve are recorded in general and administrative expenses. There was no allowance for uncollectible accounts at December 31, 2011 and 2010. The Company does not accrue interest on outstanding amounts.

Property and Equipment - Property, equipment and leasehold improvements are recorded at cost. Repair and maintenance costs are charged to operations when incurred. Furniture, fixtures, and equipment are depreciated using the straight-line method over estimated useful lives ranging from 3-7 years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term, including reasonably assured renewal options, or the estimated useful life of the assets.

Recoverability of Property, Equipment and Leasehold Improvements, Impairment Charges, and Exit and Disposal Costs - The Company evaluates clinic sites and long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of clinic sites to be held and used is measured by a comparison of the carrying amount of the site to the undiscounted future net cash flows expected to be generated on a clinic-by-clinic basis. If a clinic is determined to be impaired, the loss is measured as the amount by which the carrying amount of the clinic exceeds its fair value. Fair value, as determined by the discounted future net cash flows, is estimated based on the best information available including estimated future cash flows, expected growth rates in comparable clinic sales, remaining lease terms and other factors. If these assumptions change in the future, the Company may be required to take additional impairment charges for the related assets. Considerable management judgment is necessary to estimate future cash flows. Accordingly, actual results could vary significantly from the estimates.

The Company accounts for exit or disposal activities, including clinic closures, in accordance with the FASB Accounting Standards Codification for Exit or Disposal Cost Obligations. Such costs include the cost of disposing of the assets as well as other facility-related expenses from previously closed clinics. These costs are generally expensed as incurred. Additionally, at the date they cease using a property under an operating lease, the Company records a liability for the net present value of any remaining lease obligations, net of estimated sublease income. Any subsequent adjustments to that liability as a result of lease termination or changes in estimates of sublease income are recorded in the period incurred. Upon disposal of the assets associated with a closed clinic, any gain or loss is recorded in the same caption as the original impairment within the Consolidated Statements of Operations.

Marketing Fund and Restricted Cash - In year ended 2010, the Company established a system-wide Marketing fund. Company-owned clinics in addition to franchise-operated clinics, that entered into franchise agreements with the Company after March 10, 2010, are required to contribute a percentage of net sales to the fund that is used for public relations and marketing development efforts throughout the system. These clinics were required to contribute 1.0% of net sales to this fund. The assets held by this fund are considered restricted and are in an interest bearing account. The excess of cash held over the related expenditures is recorded as a liability and would be included in accounts payable

on the consolidated balance sheets. As of December 31, 2011 and December 31, 2010, the marketing expenditures relating to the marketing fund exceeded the marketing fund collections from the franchisees and, accordingly, this has been recorded as an expense in the Consolidated Statements of Operations.

Common Stock - Certain stockholders entered into the Founder's Restricted Stock Purchase Agreements (FRSPA) where their purchase of stock vests over a three-year period. This form of agreement is used to ensure that the stock owned by all of the founders is at risk and thus subject to forfeiture if a founder leaves the Company.

The FRSPA permits the Company to buy back any shares not vested should the founder cease to be an employee, consultant, director or advisor. One employee left the Company in 2011. His 14,150 restricted shares were returned and 7,075 unrestricted shares were issued. The remaining 7,075 shares were issued to new management of the Company under the FRSPA agreement. There were 12,966 and 24,079 shares restricted at December 31, 2011 and 2010, respectively.

Revenue Recognition - The Company records clinic sales at the time chiropractic services are rendered. The Company's revenue recognition policy for franchise and regional developer agreements is detailed below.

Franchise Arrangements – The franchise related revenue consists of initial franchise fees, transfer fees, successor fees, continuing royalty payments, software fees and IT related income.

The initial, non-refundable, franchise fee is typically $19,500 from March 2010 to April 1, 2011 and then increased to $29,000 per clinic, of which $1,000 to $15,300, respectively, is recognized immediately when a franchise agreement is signed, reflecting the commission earned related to the sale. The remaining non-refundable fee of $18,500 to $27,550 is included in deferred franchise fees and is recognized as revenue when the Company has performed substantially all of its obligations, which generally occurs upon the opening of the clinic.

Transfer fees represent consideration paid by the new franchisee to obtain the same rights and services as the former franchisee when ownership is transferred. Successor fees are charged to existing franchisees upon renewal of the franchise agreement. This fee is similar to, but typically less than the initial fee. No successor fees have occurred to date.

All franchise clinics pay a royalty equal to 7% of gross sales and an ad fund fee of 1% of gross sales. Certain franchises with franchise agreements acquired as part of the asset purchase discussed in Acquisition pay monthly flat fees of $699 under their existing agreements.

Franchise clinics pay a computer software fee of $275 monthly for use of the chiropractic system software and computer support services. The Company is currently constructing proprietary software rolling out to all clinics the second quarter of 2012.

IT related revenue represents a fee of $3,800 to purchase the clinic's computer equipment, pre-installed chiropractic system software, the key card scanner (patient identification card), credit card scanner and credit card receipt printer.

Regional Developer Fee - Starting in 2011, the Company established a regional development program to bring on independent contractors to assist in developing a specified geographical region or unit. The Regional Developer (RD) pays a fee for the right to develop this unit and in turn, generally receives 50% of all franchise fees collected and 43% of all royalties collected for their region. Any clinics developed by the RD over their contracted minimum in the territory, requires no additional fee. The RD fee consists of a one-time, non-refundable payment equal to $7,250 per unit in consideration for the services the Company performs prior to the execution of the regional development agreement and receipt of the corresponding fee. Substantially all of these services, which include, but are not limited to the following: a meeting with the Company's Executive Team, performing background investigations on potential RD's and establishing the territory based upon the amount of funds the RD has available to invest. As a result, the Company recognizes this RD fee in full upon receipt. The Regional Development Agreements have an initial term of 10 years.

Significant Customers – During 2011 four customers accounted for approximately 47% (14%, 12%, 11% and 10%) of total revenues. During 2010, two customers accounted for approximately 34% (17% and 17%) of total revenues.

Advertising Costs – Advertising costs are charged to expense as incurred. Advertising costs were approximately $103,500 and $177,452, for fiscal years 2011 and 2010, respectively, and are

included in operating expenses in the Consolidated Statements of Operations.

Pre-opening Expenses – All start-up and pre-opening clinic costs are expensed as incurred. In fiscal 2011, the Company did not open any new Company-owned clinics.

Lease Accounting – The Company recognizes lease expense on a straight-line basis for their operating leases over the entire lease term including lease renewal options and build-out periods where the renewal is reasonably assured and the build-out period takes place prior to the clinic opening or lease commencement date. The Company accounts for construction allowances by recording a receivable when its collectability is considered probable, and relieve the receivable once the cash is obtained from the landlord for the construction allowance. Construction allowances are amortized as a credit to rent expense over the full term of the lease, including reasonably assured renewal options and build-out periods.

Income Taxes – The Company provides for income taxes based on their estimate of federal and state income tax liabilities. These estimates include, among other items, effective rates for state and local income taxes, allowable tax credits for items such as estimates related to depreciation and amortization expense allowable for tax purposes and the tax deductibility of certain other items. The estimates are based on the information available to the Company at the time they prepare the income tax provision. The Company generally files their annual income tax returns several months after their year end. Income tax returns are subject to audit by federal, state, and local governments, generally years after the tax returns are filed. These returns could be subject to material adjustments or differing interpretations of the tax laws.

Net Income per Common Share – Basic net income per common share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding for the reporting period. Diluted EPS equals net income divided by the sum of the weighted average number of shares of common stock outstanding plus all additional common stock equivalents relating to preferred stock when dilutive.

The Company had a net loss for the year ended December 31, 2010 and the effect of including dilutive securities in the earnings per common share would have been anti-dilutive. Accordingly, the potential conversion of Preferred Stock into Common Stock was

excluded from the calculation of diluted earnings per share for the year ended December 31, 2010. Total common stock equivalents that could be convertible into common stock were 25,000 for 2011 and 2010.

Company-Owned Clinic - The results of operations for the Company's owned clinic for 2011 and 2010 is as follows:

	2011	2010
Revenues	$102,864	$ 11,188
Costs	171,941	55,197
Net Loss	$(69,077)	$(44,009)

Reclassifications — Certain amounts in 2010 have been reclassified to conform to the 2011 presentation.

2. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2011 and 2010 consists of the following:

	2011	2010
Office and computer equipment	$ 38,911	$32,354
Leasehold improvements	44,131	44,131
Software developed	11,300	-
Construction in-process	122,800	-
Total property and equipment	217,142	76,485
Accumulated depreciation and amortization	(21,792)	(3,071)
Property and equipment, net	$195,350	$73,414

Depreciation and amortization expense was $18,721 and $3,071 for the periods ended December 31, 2011 and 2010, respectively.

3. OPERATING LEASES

The Company has various operating leases for the existing clinic and corporate office space with remaining lease terms ranging from 1 to 4 years, excluding lease renewal options. All of these leases contain provisions for payments of real estate taxes, insurance and common area maintenance costs. Total occupancy lease costs for December 31, 2011 and 2010 including rent and CAM charges were approximately $186,700 and $135,000, respectively.

Minimum rents were approximately $144,300 and $128,453 for December 31, 2011 and 2010, respectively.

The Company subleased part of its corporate office space to a stockholder under a month-to-month arrangement. The sublease of space has reduced the future minimum lease payments. In 2011 and 2010, the Company recognized $49,000 and $68,000, respectively, of sublease income which partially offset the total rent expense.

Future minimum lease payments existing at December 31, 2011 were:

Year End	
2012	$153,636
2013	27,240
2014	24,080
2015	22,500
Total	$227,456

4. INCOME TAXES

At December 31, 2011, the Company had federal and state tax net operating loss carry-forwards of approximately $744,000 and $716,000, which expire in 2030 and 2015, respectively. The following table summarizes the income tax expense for income taxes:

	2011	2010
CURRENT:		
Federal	$ -	$ -
State	45	45
Total	$ 45	$ 45

The impact of uncertain tax positions taken or expected to be taken on income tax returns must be recognized in the financial statements at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained.

The Company files income tax returns in the U.S. federal jurisdiction and in Arizona jurisdiction. The effective tax rate for 2011 and 2010 differs from the U.S. Federal statutory tax rate of 34% due to the utilization of net operating losses incurred in 2010, effectively reducing taxable income to zero in both years.

The Company's tax returns remain open to examination by the related tax jurisdictions for 2010.

Deferred taxes recognize the impact of temporary differences between the amounts of assets and liabilities recorded for financial statement purposes and such amounts measured in accordance with tax laws. The net deferred tax asset of approximately $244,000 and $318,000 at December 31, 2011 and 2010, respectively, represents primarily the available net operating loss carryforward. Realization of the net operating loss carry forwards and other deferred tax temporary differences are contingent on future taxable earnings. During year end 2011 and 2010, the deferred tax asset was reviewed for expected utilization using a "more likely than not" approach as required by FASB Standard Codification for Income Taxes, by assessing the available positive and negative evidence surrounding its recoverability. The Company is still in the early stages of developing its business model and, accordingly, it has provided a full valuation allowance against this asset. The valuation allowance decreased approximately $74,000 due to the utilization of a portion of its net operating loss carryforward.

5. RELATED PARTY TRANSACTIONS

The Company entered into consulting and legal agreements with certain common stockholders related to services performed for the development of the Company. Amounts paid to these stockholders were $525,939 and $301,200 and rents received of $48,962 and $69,135 for the periods ended December 31, 2011 and 2010, respectively. Amounts due to these stockholders at December 31, 2011 and 2010 were $525 and $23,062 respectively, and are included in accounts payable on the accompanying consolidated balance sheet.

6. SUBSEQUENT EVENTS (UNAUDITED)

The Company evaluated for the occurrence of subsequent events through the issuance date of the Company's financial statements. No other recognized or non-recognized subsequent events occurred that require recognition or disclosure in the financial statements except as noted below.

Through March 31, 2012, the Company contracted with franchisees to open an additional 32 clinics and has received approximately $928,000 in fees. In addition, the Company has received approximately $877,000 in Regional Developer fees through the same period.

EXHIBIT E

CONFIDENTIALITY/NON-DISCLOSURE AGREEMENT

The Joint RD FDD – Exhibit E - Confidentiality/Non-Disclosure Agreement

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 20____, by and between The Joint Corp., a Delaware corporation, (hereinafter referred to as "the Company") and _____ _____, whose address is _____ (hereinafter referred to as "Prospective Regional Developer").

WITNESSETH THAT:

WHEREAS, Prospective Regional Developer desires to obtain certain confidential and proprietary information from the Company for the sole purpose of inspecting and analyzing said information in an effort to determine whether to purchase a franchise from the Company; and

WHEREAS, the Company is willing to provide such information to Prospective Regional Developer for the limited purpose and under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1. DEFINITION. "Confidential Information" is used herein to mean all information, documentation and devices disclosed to or made available to Prospective Regional Developer by the Company, whether orally or in writing, as well as any information, documentation or devises heretofore or hereafter produced by Prospective Regional Developer in response to or in reliance on said information, documentation and devises made available by the Company.

2. TERM. The parties hereto agree that the restrictions and obligations of Paragraph 3 of this Agreement shall be deemed to have been in effect from the commencement on the _____ day of _____, 20____, of the ongoing negotiations between Prospective Regional Developer and the Company and continue in perpetuity until disclosed by the Company.

3. TRADE SECRET ACKNOWLEDGEMENT. Prospective Regional Developer acknowledges and agrees the Confidential Information is a valuable trade secret of the Company and that any disclosure or unauthorized use thereof will cause irreparable harm and loss to the Company.

4. TREATMENT OF CONFIDENTIAL INFORMATION. In consideration of the disclosure to Prospective Regional Developer of Confidential Information, Prospective Regional Developer agrees to treat Confidential Information in confidence and to undertake the following additional obligations with respect thereto:

(a) To use Confidential Information for the sole purpose of inspecting and analyzing the information in an effort to determine whether to purchase a franchise from the Company and solely in its operation of the Company Franchise;

(b) Not to disclose Confidential Information to any third party;

(c) To limit dissemination of Confidential Information to only those of Prospective Regional Developer's officers, directors and employees who have a need to know to perform the limited tasks set forth in Item 4 (a) above; and who have agreed to the terms and obligations of this Agreement by affixing their signatures hereto;

(d) Not to copy Confidential Information or any portions thereof; and

e) To return Confidential Information and all documents, notes or physical evidence thereof, to the Company upon a determination that Prospective Regional Developer no longer has a need therefore, or a request therefore, from the Company, whichever occurs first.

5. SURVIVAL OF OBLIGATIONS. The restrictions and obligations of this Agreement shall survive any expiration, termination or cancellation of this Agreement and shall continue to bind Prospective Regional Developer, his heirs, successors and assigns in perpetuity.

6. NEGATION OF LICENSES. Except as expressly set forth herein, no rights to licenses, expressed or implied, are hereby granted to Prospective Regional Developer as a result of or related to this Agreement.

7. APPLICABLE LAW. This Agreement shall be construed and enforced in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

THE JOINT CORP.

A Delaware corporation

BY: _____

ITS: _____

_____

(Signature of Prospective Franchise Owner)

_____

Print Name of Prospective Franchise Owner

EXHIBIT F

LIST OF FRANCHISEES

REGIONAL DEVELOPERS:

Austin, Dallas, Houston,
and San Antonio, Texas
David Glover
Anne Glover
908 Town & Country Blvd
Suite 120
Houston, TX 77024
(713) 829-5198

Denver, Colorado
Brad Remington
3139 Emporia St.
Denver, CO 80238
(314) 604-0608

LA County and Northern California
Chad Meisinger
Raymond Espinoza
23522 El Toro Road
Suite 204
Lake Forest, CA 92630
(949) 412-8421

Orange and San Diego Counties, California
Dennis Conklin
3216 Sitio Montecillo
Carlsbad, CA 92009
(602) 999-2397

Eric Hua
23625 El Toro Rd, suite B
Lake Forest, CA 92630
(949) 842-1224

Louisiana
Virgil and Vi Bryant
800 W. Main Street
New Iberia, LA 70560
337-380-9433

Tampa and Sarasota, Florida
Virgil and Vi Bryant
800 W. Main Street
New Iberia, LA 70560
337-380-9433

Seattle Washington
Tony and Teresa Digiuseppe
10869 N. Scottsdale Road
Suite 103-257
Scottsdale, Arizona
85254
602-405-0558

New York
Counties of: Erie, Monroe, Nassau and Suffolk
Marc Ressler, Angelo Marracino and Cleon Easton III
4375 Transit Road Suite # 250
Clarence, New York
14221
716-907-1444

Salt Lake City, Utah
Reno, Nevada
Boise, Idaho
Chris O'Neal
5422 Longley Lane Suite A
Reno, Nevada 89511
805-451-3281

St. Louis, Missouri
Mike Klearman
Bruce Conner

P.O. Box 726
Chesterfield, MO 63006
(636) 675-0366

South Carolina,
Augusta and Savannah Georgia
David Glover
Anne Glover
908 Town & Country Blvd
Suite 120
Houston, TX 77024
(713) 829-5198

Michael Fluegge
1955 Old Mill Road
Campobello, South Carolina
29322
864-415-4191

Minnesota
Steve Long
Benjamin Anderson
Robert Anderson
2208 Brookhaven CT
Edmond, OK 73034
405-414-1717

Inland Empire, California and Las Vegas, Nevada
Christina Yabanez
1650 E. Camelback Road
Suite 170
Phoenix, Arizona 85016
915-920-6663

Atlanta Georgia
Dr. Patrick Greco
650 Ponce de Leon Ave.
Suite 600A
Atlanta, GA 30308
404-797-6088

North Carolina
Paul Trindel
5797 Meadow Pond Ct
Summerfield, NC 27358
336-601-2926

New Jersey
Tom Walsh
63 Strauss Drive
Shrewsbury, New Jersey
07702
732-687-4884

The Joint RD FDD – Exhibit F – List of Franchise Owners

The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of Regional Developers franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Regional Developer Agreement with us during our most recently completed fiscal year or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document:

None

EXHIBIT G

GENERAL RELEASE – FORM

The Joint RD FDD – Exhibit G – General Release Form

GENERAL RELEASE AGREEMENT

THIS **GENERAL RELEASE AGREEMENT** ("**Release**") is made and entered into this _____ day of _____, 20__, by and between THE JOINT CORP., a Delaware corporation (**"Franchisor"**), and _____, a _____ corporation/limited liability company/partnership (circle one) (**"Regional Developer"**), and each shareholder/member/partner of Regional Developer and his or her spouse (individually, an **"Owner,"** and collectively, the **"Owners"**) (collectively, Franchisor, Franchisee, and the Owners are referred to hereinafter as the "**Parties**").

WHEREAS, the Parties previously entered into that certain Regional Developer Agreement dated _____, 20___ (the "Agreement"), granting Regional Developer a single Regional Developer Business of Franchisor for a specific Term (as defined in the Agreement); and

WHEREAS, Regional Developer desires to renew the Agreement for an additional Term (as defined in the Agreement); and

WHEREAS, Section 4 of the Agreement requires Regional Developer and each of its Owners and their respective spouses to execute, in favor of Franchisor and its officers, directors, agents, and employees, and Franchisor's affiliates and their officers, directors, agents, and employees, as a condition to renew the Agreement, a general release from liability of all claims that Regional Developer, its Owners, and their respective spouses may have against Franchisor, its affiliates, and their respective owners, officers, directors, employees, and agents; and

WHEREAS, the Parties desire to enter into this Release to comply with the requirements of the Agreement and preserve Regional Developer's eligibility to renew the Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

1. Recitals. The foregoing Recitals are incorporated into and made part of this Release.

2 . Release. Regional Developer, each Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "Releasing Entities"), hereby fully release Franchisor and its present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, and Franchisor's affiliates and other related parties and their respective present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the "Released Entities") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which Franchisee and/or Owner and/or his or her spouse may have against the Released Entities as of the date this Agreement is executed, except for any claims under [the California Franchise Investment Law (California Corporations Code sections 31000 to 31516) or the California Franchise Relations Act (California Business and Professions Code Sections 20000 to 20043); the Indiana Franchise Act; the Illinois Franchise Disclosure Act; the Maryland Franchise Registration and Disclosure Law; Minnesota Statutes, 1973 Supplement, sections 80C.01 to 80C.22 (the "Minnesota Franchise Law"); or the Washington Franchise Investment Protection Act].

3. Miscellaneous.

A. This Release contains the entire agreement and representations between the Parties hereto with respect to the subject matter hereof. This Release supersedes and cancels any prior understanding or agreement between the parties hereto whether written or oral, express or implied. No modifications or amendments to this Release shall be effective unless in writing, signed by all Parties.

B. In the event any provision hereof, or any portion of any provision hereof shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect the remaining portion of any provision, or of any other provision hereof, and each provision of this Release shall be deemed severable from all other provisions hereof.

C. This Release shall be governed by the laws of the State of Arizona. Any litigation or court action arising under or related to this Release shall be filed in state or federal court in Maricopa County, State of Arizona.

D. In the event a court action is brought to enforce or interpret this Release, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.

E. This Release is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.

F. This Release may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of the day and year first above written.

FRANCHISOR:

THE JOINT CORP.

a Delaware corporation

_____

By: _____

Its: _____

FRANCHISEE:

_____

_____

By: _____

Title: _____

OWNERS:

	Owner's Residential Address:	Owner's % Ownership:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse	Date: _____, 200__	

[The remainder of this page is intentionally left blank]

	Owner’s Residential Address:	Owner's % Ownership:
_____	_____	
Signature of Owner		
_____	_____	_____%
Printed/Typed Name of Owner		
	Owner’s Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		
_____		
Printed/Typed Name of Spouse		Date: _____, 200__

	Owner’s Residential Address:	Owner's % Ownership:
_____	_____	
Signature of Owner		
_____	_____	_____%
Printed/Typed Name of Owner		
	Owner’s Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		
_____		
Printed/Typed Name of Spouse		Date: _____, 200__

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	Owner’s Residential Address:	Owner's % Ownership:
_____	_____	
Signature of Owner		
_____	_____	_____%
Printed/Typed Name of Owner		
	Owner’s Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		
_____		
Printed/Typed Name of Spouse		Date: _____, 200__

	Owner’s Residential Address:	Owner's % Ownership:
_____	_____	
Signature of Owner		
_____	_____	_____%
Printed/Typed Name of Owner		
	Owner’s Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		
_____		
Printed/Typed Name of Spouse		Date: _____, 200__

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	Owner’s Residential Address:	Owner's % Ownership:
_____	_____	
Signature of Owner		
_____	_____	_____%
Printed/Typed Name of Owner		
	Owner’s Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		
_____		
Printed/Typed Name of Spouse		Date: _____, 200__

EXHIBIT H

TRANSFER AGREEMENT

The Joint RD FDD – Exhibit H – Transfer Agreement

TRANSFER AGREEMENT

THIS **TRANSFER AGREEMENT ("Agreement")** is made and entered into this _____ day of _____, 200__, by and between THE JOINT CORP., a Delaware corporation, ("Franchisor"), and _____, a _____ corporation/limited liability company/partnership (circle one) ("Regional Developer"), and each undersigned owner of Regional Developer and his or her spouse (individually, an "Owner," and collectively, the "Owners"), and _____, a _____ corporation/limited liability company/partnership (circle one) ("Assignee") (collectively, Franchisor, Regional Developer, Owners, and Assignee are referred to hereinafter as the "Parties").

WITNESSETH:

WHEREAS, Franchisor and Regional Developer previously entered into that certain Regional Developer Agreement dated _____, 20__ (the "RDA"), granting to Regional Developer that certain Regional Developer franchise located at _____ (the "Franchise");

WHEREAS, the RDA provides as follows with respect to the Transfer (as defined below) of the RDA, the Franchise, or any interest therein:

a. Section 11.2(a) states that any Transfer (as defined below) of the Regional Developer's interest in the RDA or of Regional Developer's rights or privileges under the RDA must be approved by Franchisor in writing before such Transfer may be made or become effective;

b. Section 11.2(b) of the RDA defines as a "Transfer" any voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition, and includes without limitation (i) the transfer of record or beneficial ownership of capital stock, partnership interest, membership interest, or other ownership interest in Regional Developer, or right to receive all or a portion of Regional Developer's profits or losses; (ii) merger, consolidation, or exchange of shares or other ownership interests, or issuance of additional ownership interests or securities representing or potentially representing shares or other ownership interests, or redemption of shares or other ownership interests; (iii) any sale or exchange of voting interests or securities convertible to voting interests, or any agreement granting the right to exercise or control the exercising of the voting rights of any Owner or to control Regional Developer's operations or affairs; (iv) any transfer of an interest in Regional Developer, the Agreement, or the Regional Developer Business or its assets (or any right to receive all or a portion of Regional Developer's or the Regional Developer Business's profits or losses or any capital appreciation relating to the Regional Developer Business) in a divorce, insolvency, or entity dissolution proceeding, or otherwise by operation of law; (v) if Regional Developer or an Owner dies, the transfer of an interest in Regional Developer, the Agreement, or the Regional Developer Business or its assets (or any right to receive all or a portion of Regional Developer's or the Regional Developer Business's profits or losses or any capital appreciation relating to the Regional Developer Business) by will, declaration or transfer in trust, or under the law of instate succession; and (vi) pledge of the Agreement or an ownership interest in Regional Developer as security, or Regional Developer's transfer, surrender, or loss of possession, control, or management of its Regional Developer franchise.

c. Section 11.3 of the RDA sets forth certain terms and conditions that must be complied with, or that Franchisor may require be complied with, before any Transfer may be made or become effective; and

WHEREAS, Regional Developer and/or each undersigned Owner wish(es) to Transfer (as defined in Section 11.2(b) of the RDA) to Assignee the following interest (the "Transferred Interest"): _____
_____
_____
_____
_____

WHEREAS, Franchisor is willing to consent to the above Transfer of the Transferred Interest, and the Parties desire that the Transfer be made in accordance with the following terms and conditions;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:

1. Recitals. The above Recitals and sections of the RDA referred therein are hereby incorporated into and made part of this Agreement.

2. Consent to Transfer. Franchisor hereby consents to the Transfer of the Transferred Interest as described in the Recitals.

3 . Conditions for Approval of Transfer . Regional Developer, and/or each undersigned Owner and his or her spouse, and Assignee each hereby represent and warrant that the conditions for approval of Transfer as set forth in Section 11.3 of the RDA, to the extent such conditions are not specifically addressed or resolved under this Agreement, have been fully and completely satisfied as provided in such Section 11.3 and to Franchisor's satisfaction.

4 . Release. Regional Developer, each Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "Releasing Entities"), hereby fully release Franchisor and its present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, and Franchisor's affiliates and other related parties and their respective present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the "Released Entities") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which Franchisee and/or Owner and/or his or her spouse may have against the Released Entities as of the date this Agreement is executed, except for any claims under [the California Franchise Investment Law (California Corporations Code sections 31000 to 31516) or the California Franchise Relations Act (California Business and Professions Code Sections 20000 to 20043); the Indiana Franchise Act; the Illinois Franchise Disclosure Act; the Maryland Franchise Registration and Disclosure Law; Minnesota Statutes, 1973 Supplement, sections 80C.01 to 80C.22 (the "Minnesota Franchise Law"); or the Washington Franchise Investment Protection Act].

5. Non-Competition; Non-Solicitation; Confidentiality.

A. Definitions. Wherever used in this Section 5, the term "Franchisor" shall refer to Franchisor and any affiliate, subsidiary, or any successor or assign of Franchisor. Wherever used in this Section, the phrase "directly or indirectly" includes, but is not limited to, acting, either personally or as principal, owner, shareholder, employee, independent contractor, agent, manager, partner, joint venturer, consultant, or in any other capacity or by means of any corporate or other device, or acting through the spouse, children, parents, brothers, sisters, or any other relatives, friends, trustees, agents, or associates of any of the undersigned parties. Wherever used in this Section, the term "employees" shall refer to employees of Franchisor; any affiliate, subsidiary, or any successor or assign of Franchisor; and any franchisee of Franchisor existing as of the date of this Agreement and, to the extent allowable by law, any other person that has been an employee (as defined above) in the twelve (12) months preceding the date of this Agreement. Whenever used in this Section, the term "Confidential Information" shall be defined as provided in Section 10 of the RDA, which provisions are hereby incorporated by reference.

B. Consideration. The undersigned Parties acknowledge that consideration for this Agreement has been provided and is adequate. The consideration includes, but is not limited to, the granting of the Franchise to Regional Developer and/or each undersigned Owner, and Franchisor's consent to the Transfer of the Transferred Interest as provided in this Agreement.

C. Need for this Agreement. The undersigned Parties recognize that in the highly competitive business in which Franchisor and its affiliates and franchisees are engaged, preservation of Confidential Information is crucial and personal contact is important in securing new franchisees and employees, and retaining the goodwill of present franchisees, employees, customers, and suppliers. Personal contact is a valuable asset and is an integral part of protecting the business of Franchisor. Regional Developer and/or each undersigned Owner recognize that it has had substantial contact with Franchisor's employees, customers, and suppliers and Confidential Information. For that reason, Regional Developer and/or each undersigned Owner may be in a position to take for his or her benefit the Confidential Information and goodwill Franchisor has with its employees and Confidential Information now or in the future. If Regional Developer and/or each undersigned Owner, after the Transfer of the Transferred Interest as provided in this Agreement, takes advantage of such Confidential Information or goodwill for Regional Developer's and/or each undersigned Owner's own benefit, then the competitive advantage that Franchisor has created through its efforts and investment will be irreparably harmed.

D. Non-Competition with Franchisor. Regional Developer and/or each undersigned Owner of Regional Developer agrees that for eighteen (18) months following the date of this Agreement, neither Regional Developer, nor any Owner, nor any member of Regional Developer's or an Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located or operating: (a) within the Development Area; (b) within the development area of any of our other regional developers, or (c) within twenty-five (25) miles of any The Joint Corp. location franchise in operation or development on the date of this Agreement. The term "Competitive Business" means any business which derives more than Fifty-Thousand Dollars ($50,000) of revenue per year from the performance of chiropractic or related services, or any business which grants franchises or licenses to others to operate such a business, other than a franchise operated under a franchise or regional developer agreement with us.

E . Non-Solicitation of Franchisor's Employees. Regional Developer and/or each undersigned Owner agrees that for twelve (12) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any employees of Franchisor, the Franchise, or any Location or Regional Developer franchise to accept employment with any person, firm, or business that competes with any business of Franchisor, or any The Joint Corp. location or regional developer franchise; or (b) induce, request, or advise any employee of Franchisor, the Franchise, or any The Joint franchise to terminate such employee's relationship with Franchisor, the Franchise, or any The Joint franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the employees of Franchisor, the Franchise, or any The Joint franchise, except as required by law.

F . Non-Solicitation of Franchisor's Customers. Regional Developer and/or each undersigned Owner agrees that for twelve (12) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any customers of Franchisor, the Franchise, or any The Joint franchise to become customers of any person, firm, or business that competes with any business of Franchisor, the Franchise, or any The Joint franchise; or (b) induce, request or advise any customer of Franchisor, the Franchise, or any The Joint franchise to terminate or decrease such customer's relationship with Franchisor, the Franchise, or any The Joint franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the customers of Franchisor, the Franchise, or any The Joint franchise, except as required by law.

G . Confidential Information. Regional Developer and/or each undersigned Owner agrees at all times following the date of this Agreement, to hold the Confidential Information in the strictest confidence and not to use such Confidential Information for Regional Developer's and/or each undersigned Owner's personal benefit, or the benefit of any other person or entity other than Franchisor, or disclose it directly or indirectly to any person or entity without Franchisor's express authorization or written consent. Regional Developer and each undersigned Owner fully understand the need to protect the Confidential Information and all other confidential materials and agree to use all reasonable care to prevent unauthorized persons from obtaining access to Confidential Information at any time.

6 . Subordination. Regional Developer and/or each undersigned Owner and Assignee each agrees that all of Assignee's obligations to make any installment payments to or for the benefit of Regional Developer and/or an undersigned Owner in connection with the Transfer of the Transferred Interest as provided under this Agreement shall be subordinate to Assignee's obligations under the RDA or any New RDA (as defined below) to pay to us or our affiliates any fees and payments provided for therein.

7 . New RDA. Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall sign at Franchisor's request the form of Regional Developer Agreement currently used by Franchisor in selling and offering franchises like the Franchise (the "New RDA").

8 . Guaranty of Obligations. In consideration of, and as an inducement to, the execution of this Agreement by Franchisor, each undersigned Owner hereby personally and unconditionally (a) guarantees to Franchisor us and its successors and assigns that the Owner will punctually pay and perform each and every undertaking, agreement and covenant of Assignee set forth in the RDA or any New RDA; and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the RDA or any New RDA, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes. Each undersigned Owner waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Section 8; (2) any right the Owner may have to require that an action be brought against Franchisor or any other person as a condition of the Owner's liability; (3) all right to payment or reimbursement from, or subrogation against, Franchisor which Owner may have arising out of this guaranty of Assignee; and (4) any and all other notices and legal or equitable defenses to which Owner may be entitled in its capacity as guarantor. Each undersigned Owner consents and agrees that (1) its direct and immediate liability under this Section shall be joint and several; (2) it will make any payment or render any performance required under the RDA or any New RDA on demand if Assignee fails or refuses to do so when required; (3) its liability will not be contingent or conditioned on our pursuit of any remedies against Assignee or any other person; (4) its liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Assignee 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 (5) the guaranty under this Section will continue and be irrevocable during the term of the RDA or any New RDA and afterward for so long as Assignee has any obligations under the RDA or any New RDA. If Franchisor is required to enforce the guaranty provided for under this Section in a judicial or arbitration proceeding, and prevail in such proceeding, then each undersigned Owner agrees that Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by any undersigned Owner to comply with the guaranty provisions of this Section, then the Owner shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

9 . Breach. The Parties hereby agree that each of the matters stated herein are important, material, and confidential, and substantially affect the effective and successful conduct of the business of Franchisor and its reputation, and goodwill. Any breach of the terms of this Agreement is a material breach of this Agreement, which will result in substantial and irreparable injury to Franchisor, for which the breaching Party may be preliminarily and permanently enjoined and for which the breaching Party shall also pay to Franchisor all damages (including, but not limited to, compensatory, incidental, consequential and lost profits damages) which arise from the breach, together with interest, costs and Franchisor's reasonable attorneys' fees (through final unappealable judgment) to enforce this Agreement. This Agreement does not limit any other remedies available at law or in equity available to Franchisor.

1 0 . No Waiver. Franchisor may waive a provision of this Agreement only in writing executed by an authorized representative. No Party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a Party of a breach by another Party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching Party.

11. Assignment. This Agreement is fully transferable by Franchisor. Regional Developer and/or each undersigned Owner and Assignee shall not assign, convey, sell, delegate, otherwise transfer this Agreement or any right or duty hereunder without obtaining Franchisor's prior written consent.

12. Binding Agreement. This Agreement shall be binding upon the Parties' heirs and legal representatives. This Agreement shall be enforceable by the successors and assigns of Franchisor, any person or entity which purchases substantially all of the assets of Franchisor, and any subsidiary, affiliate or operation division of Franchisor.

13. Tolling. To ensure that Franchisor will receive the full benefit of this Agreement, the provisions of this Agreement will not run, for purposes of the prohibitions on any competition and solicitation, statute of limitations, or for laches, at any time that a party to this Agreement is actually acting in any way in contravention to this Agreement.

14. Headings. The paragraph headings of this Agreement are not a substantive part of this Agreement and shall not limit or restrict this Agreement in any way.

15. Choice of Law and Venue. This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of Arizona. If any action or proceeding shall be instituted by any Party, or any representative thereof, all Parties and their representatives hereby consent and will submit to the jurisdiction of, and agree that venue is proper in Maricopa County, State of Arizona.

16. Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The intention of the Parties is that Franchisor shall be given the broadest protection allowed by law with respect to this Agreement.

17. Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon any Party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement is the entire Agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement.

18. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original

19. Opportunity to Seek Independent Advice. The undersigned Parties recognize that this Agreement is an important document that affects their legal rights. For this reason, the Parties may wish to seek independent legal advice before accepting the terms stated herein. The undersigned Parties acknowledge that they have had an opportunity to seek such independent legal advice. They acknowledge that they have read and understand the provisions contained herein and acknowledge receipt of a copy of this Agreement.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Agreement as of the day and year first above written.

FRANCHISOR:

THE JOINT CORP.
a Delaware corporation

By: _____
Its: _____

FRANCHISEE:

_____

By: _____
Its: _____

OWNER AND OWNER'S SPOUSE:

By: _____	By: _____
By: _____	By: _____
By: _____	By: _____
By: _____	By: _____
By: _____	By: _____
By: _____	By: _____

ASSIGNEE:

_____

By: _____
Its: _____

EXHIBIT I

STATE-SPECIFIC DISCLOSURES

The Joint RD FDD – Exhibit I – State-Specific Disclosures

REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF CORPORATIONS PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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.

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

Item 5 of the Disclosure Document is modified to include the following paragraph:

> We apply the initial Regional Developer fee to our general operating revenues, which we use, among other purposes, to cover the costs of marketing to prospective Regional Developer franchisees, training new Regional Developer franchisees and assisting new Regional Developer franchisees in opening their businesses.

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Regional Developer Agreement contains a provision that in inconsistent with the law, the law will control. We may not terminate your Regional Developer franchise except for good cause, and we must give you a notice of default and a reasonable opportunity to cure the defects (except for certain defects specified in the statute, for which no opportunity to cure is required by law). The statute also requires that we give you notice of any intention not to renew your Regional Developer franchise at least 180 days before expiration of the Regional Developer Agreement.

You must sign a general release if you renew or transfer your Regional Developer franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Regional Developer Agreement contains a covenant not to compete which extends beyond the termination of your Regional Developer franchise. This provision may not be enforceable under California law.

THE REGIONAL DEVELOPER AGREEMENT REQUIRES APPLICATION OF THE LAW OF ARIZONA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW. To the extent permitted by law, you and we waive any right to or claim for any punitive or exemplary damages against each other and agree that in the event of a dispute between us, each will be limited to the recovery of actual damages only (except in limited circumstances). Each party further waives trial by jury and, to the extent permitted by law, all claims arising out of or relating to the Regional Developer Agreement must be brought within one year from the date on which you or we knew or should have known of the facts giving rise to such claims (except for claims relating to nonpayment or underpayment of amounts you owe us).

The Regional Developer Agreement requires binding arbitration. The arbitration will occur at the office of the American Arbitration Office closest to our principal executive offices. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

REQUIRED BY THE STATE OF HAWAII

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

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

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

Item 20 of this Disclosure Document will be amended by the addition of the following paragraph:

As of the dates listed in Attachment 1, this franchise offering is or will be effective in California, Hawaii, Illinois, Indiana, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Washington and Wisconsin and exempt from registration in Arizona and Utah. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

The Joint RD FDD – Exhibit I – State-Specific Disclosures

REQUIRED BY THE STATE OF ILLINOIS

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

State Law

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 Regional Developer Agreement if it applies to a subfranchise located in Illinois.

Any condition in the Regional Developer Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois, provided that the Regional Developer Agreement may provide for arbitration in a forum outside of Illinois.

REQUIRED BY THE STATE OF INDIANA

The Regional Developer Agreement contains a covenant not to compete that extends beyond the termination of your Regional Developer franchise. This provision may not be enforceable under Indiana law.

Indiana law makes unilateral termination of your Regional Developer franchise unlawful unless there is a material violation of the Regional Developer Agreement and the termination is not done in bad faith.

If Indiana law requires the Regional Developer Agreement and all related documents to be governed by Indiana law, then nothing in the Regional Developer Agreement or related documents referring to Arizona law will abrogate or reduce any of your rights as provided for under Indiana law.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Although the Regional Developer Agreement requires arbitration to be held at the office of the American Arbitration Association closest to our principal executive offices, arbitration held pursuant to the Regional Developer Agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

The Joint RD FDD – Exhibit I – State-Specific Disclosures

REQUIRED BY THE STATE OF MARYLAND

A franchisee located within the state of Maryland shall not be required to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise which would act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The provisions in the Regional Developer Agreement relating to the general release that is required as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Lawsuits by either you or us may take place in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any limitation of claims provision(s) in the Regional Developer Agreement shall not act to reduce the 3-year statute of limitations afforded to you for bringing a claim under the Law. Any claims arising under the Maryland Franchise Registration and Law must be brought within 3 years after the grant of the franchise to you.

REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised 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' notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

(v) 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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

REQUIRED BY THE STATE OF MINNESOTA

We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

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) and 180 days' notice for nonrenewal of the Regional Developer Agreement.

Minn. Stat. § 80C.17, Subd. 5, states that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues

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 the Regional Developer 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.

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

REQUIRED BY STATE OF NEW JERSEY

Liquidated damages are void if unreasonable under the totality of the circumstances, including whether a statute governs the relationship and concerns liquidated damages clauses; and the common practice in the industry.

The Joint RD FDD – Exhibit I – State-Specific Disclosures

REQUIRED BY THE STATE OF NEW YORK

Registration of this franchise by New York State does not mean that New York State recommends it or has verified the information in the Disclosure Document.

We may, if we choose, negotiate with you about items covered in the Offering Prospectus. However, we cannot use the negotiating process to prevail upon a prospective franchisee to accept terms which are less favorable than those set forth in the Offering Prospectus.

All references to "Disclosure Document" will be deemed to include the term "Offering Prospectus" as used under the General Business Law of New York.

Item 3 of the Offering Prospectus is supplemented with the following:

Except as provided in Item 3 of the Offering Prospectus, neither we nor any person identified in Item 2 of the Offering Prospectus, or an affiliate offering franchises under our principal trademark:

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.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

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 or 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4 of this Offering Prospectus is supplemented with the following:

Except as provided in Item 4 of the Offering Prospectus, neither we, our affiliates, nor any officer or general partner has at any time during the ten year period immediately before the date of the Offering Prospectus: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after our officer or general partner held this position in the company or partnership.

Under the Regional Developer Agreement, the Manuals we issue may be modified and you are bound by such modifications. However, no such modifications may impose an unreasonable economic burden on you.

Provisions of general releases are mentioned in the Offering Prospectus and specified in the Regional Developer Agreement. These releases are limited by the following: all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under this law will remain in force, it being the intent that the non-waiver proviso of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

We will not make any assignment of the Regional Developer Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Regional Developer Agreement.

The choice of law of the Regional Developer Agreement should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

Item 17 of the Offering Prospectus, the summary column of part (d), is modified to include the following sentence:

You can also terminate the Regional Developer Agreement on any grounds available by law.

The Joint RD FDD – Exhibit I – State-Specific Disclosures

REQUIRED BY THE STATE OF NORTH DAKOTA

The Regional Developer Agreement contains a covenant not to compete which extends beyond the termination of your Regional Developer franchise. This provision may not be enforceable under North Dakota law.

Although the Regional Developer Agreement provides that the place of arbitration will be located at the office of the American Arbitration Association closest to our principal executive offices, we agree that the place of arbitration will be a location that is in close proximity to the site of your Franchised Business.

The Regional Developer Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. This provision may not be enforceable under North Dakota law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.

Although the Regional Developer Agreement provides that it will be governed by and construed in accordance with the laws of the State of Arizona, we agree that the laws of the State of North Dakota will govern the construction and interpretation of the Regional Developer Agreement.

A contractual requirement that you sign a general release may be unenforceable under the laws of North Dakota.

Although the Regional Developer Agreement requires the franchisee to consent to a waiver of trial by jury, the Commissioner has determined that a requirement requiring the waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Regional Developer Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages, the Commissioner had determined these types of provisions to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Regional Developer Agreement requires the franchisee to consent to a limitation of claims period within one year, the Commissioner had determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is therefore governed by North Dakota law.

To the extent any provision of the Regional Developer Agreement requires you to consent to a waiver of exemplary or punitive damages, the provision will be deemed null and void.

REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Regional Developer Agreement says the laws of Arizona apply, § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

REQUIRED BY THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the Regional Developer Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Regional Developer Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

These requirements must be included in an addendum to the Regional Developer Agreement you sign for the State of Washington.

EXHIBIT J

RECEIPTS

The Joint RD FDD – Exhibit J – Receipts

RECEIPT

(Your Copy – Retain For Your Files)

This Disclosure Document summarizes certain provisions of the Regional Developer Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, and Washington required that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

The franchisor is The Joint Corp., located at 9383 East Bahia Drive, Suite 100, Scottsdale, Arizona 85260. Its telephone number is (480) 245-5960.

The following broker(s) will represent us in connection with the sale of our franchises: _____ (Name) at_____ (Principal Address) and _____ (Telephone Number).

Date of Issuance: May 1, 2013

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated _____. This Disclosure Document included the following Exhibits:

A. State Administrators /Agents for Service of Process
B. Regional Developer Agreement and Related Agreements
C. Table of Contents of Manuals
D. Financial Statements
E. Confidentiality/Non-Disclosure Agreement
F. List of Regional Developers
G. General Release Agreement
H. Transfer Agreement
I. State-Specific Disclosures
J. Receipts

_____ _____

Date Signature of Prospective Regional Developer

Print Name: _____

You may return the signed receipt either by signing, dating, and mailing it to us at The Joint Corp., located at 9383 East Bahia Drive, Suite 100, Scottsdale, Arizona 85260, or by faxing a copy of the signed and dated receipt to us at (480) 513-7989.

RECEIPT

(Our Copy – Sign, Date And Return To Us)

This Disclosure Document summarizes certain provisions of the Regional Developer Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, and Washington required that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

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G. General Release Agreement
H. Transfer Agreement
I. State-Specific Disclosures
J. Receipts

_____ _____

Date Signature of Prospective Regional Developer

Print Name: _____

You may return the signed receipt either by signing, dating, and mailing it to us at The Joint Corp., located at 9383 East Bahia Drive, Suite 100, Scottsdale, Arizona 85260, or by faxing a copy of the signed and dated receipt to us at (480) 513-7989.

THE JOINT CORP.

FRANCHISE AGREEMENT

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Exhibit 1 - Franchise Agreement Expiration Date/ Projected Franchising Opening Schedule
Exhibit 2 - Owner's Guaranty and Assumption of Obligations
Exhibit 3 - Addendum to Lease Agreement
Exhibit 4 - Ownership Interests in Franchise Owner

THE JOINT CORP.

FRANCHISE AGREEMENT

This Franchise Agreement (this or the "Agreement") is being entered into effective as of the _____ day of _____, 20__ (the "Agreement Date"). The parties to this Agreement are The Joint Corp., a Delaware corporation ("we," "us," the "Company," or "The Joint Corp."); _____, as Franchise Owner ("you," "Franchise Owner," or "Franchisee"), and, if you are a partnership, corporation, or limited liability company, your "Principal Owners" (defined below).

1. INTRODUCTION.

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. This Agreement includes several exhibits, all of which are legally binding and are an integral part of the complete Franchise Agreement. In this Agreement, we refer to The Joint Corp. as "we," "us," or the "Company." We refer to you as "you," "Franchise Owner" or "Franchisee." If you are a corporation, partnership or limited liability company, you will notice certain provisions that are applicable to those principal shareholders, partners or members on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as "Principal Owners."

Through the expenditure of considerable time, effort and money, we and our affiliates have devised a system for the establishment and operation of The Joint Corp. business model, a chiropractic location that specializes in affordable, convenient, and accessible chiropractic care. It is our mission "to improve your quality of life through affordable Chiropractic care." Our atmosphere is fun and upbeat, and no appointments are necessary (all of these characteristics are referred to in this Agreement as the "System"). This business model includes a location model offering all of our franchised services and products (individually, a "Location" and collectively, the "Locations"). We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the marks "The Joint…A Chiropractic Place®", "The Joint…The Chiropractic Place™" and certain associated designs, artwork and logos, which we may change or add to from time to time (the "Marks").

From time to time we grant to persons who meet our qualifications, franchises to own and operate a The Joint Corp. Location franchise business that will manage clinics that specialize in providing chiropractic services and products to the general public through licensed chiropractic professionals ("Clinic(s)"). This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own, and be franchised to operate a The Joint Corp. Location (we will refer to your The Joint Corp. franchise as the "Franchise" or the "Franchised Business"). You may purchase and operate your Franchise as a new, start-up Location (a "Start-up Location"), or may convert an existing chiropractic practice to a The Joint Corp. Location (a "Conversion Location"). In signing this Agreement, you acknowledge that you have conducted an independent investigation of The Joint Corp. Franchised Business, and recognize that, like any other business, the nature of it may evolve and change over time, that an investment in a The Joint Corp. Franchised Business involves business risks, and that the success of this business venture is primarily dependent on your business abilities and efforts.

We expressly disclaim making, and you acknowledge that you have not received or relied on, any guarantee, express or implied, as to the revenues, profits, or likelihood of success of The Joint Corp. Franchise venture contemplated by this Agreement. You acknowledge that there have been no representations by us or our affiliates or our or their respective officers, directors, members, employees, or agents that are inconsistent with the statements made in our current Franchise Disclosure Document concerning the Franchised Business, or the provisions of this Agreement. You further represent to us, as an inducement to our entering into this Agreement with you, that there have been no misrepresentations to us in your application for the rights granted by this Agreement, or in the financial information provided by you and your Principal Owners.

2. GRANT OF FRANCHISE.

2.1 Term; Reference to Exhibit 1.

You have applied for a franchise to own and operate a The Joint Corp. Location, and we have approved your application in reliance on all of the representations you made in that application. As a result, and subject to the provisions of this Agreement, we grant to you a Franchise to operate a The Joint Corp. Location offering all products, services, and proprietary programs of ours, in accordance with all elements of the System, that we may require for The Joint Corp. Locations.

You must operate the Franchise at a mutually agreeable site (the "Premises") to be identified after the signing of this Agreement, and to use the System and the Marks in the operation of that Franchise, for a term of 10 years (the "Initial Term"). The Initial Term will begin on the Agreement Date. (For convenience, the expiration date of the Initial Term is listed on **Exhibit 1**.) Termination or expiration of this Agreement will constitute a termination or expiration of your Franchise. (All references to the "term" of this Agreement refer to the period from the Agreement Date to the date on which this Agreement actually terminates or expires.)

2.2 Full Term Performance.

You specifically agree to be obligated to operate the Franchise, perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the business of the Franchise for the full term of this Agreement.

2.3 Management Agreement with Professional Corporation – Non-Licensed Franchisees.

If you are not a licensed chiropractor, prior to commencing operations of the Franchised Business, you must enter into a management agreement ("Management Agreement") with a chiropractic professional corporation (or a professional limited liability company, if permitted in the state in which the Clinic is located) (a "PC") whereby you will provide to the PC management and administrative services and support consistent with the System and as outlined in our form of Management Agreement, a copy of which is included as an Exhibit to our Disclosure Document, to support the PC's chiropractic practice and its delivery of chiropractic services and related products to chiropractic patients, consistent with all applicable laws and regulations.

The PC shall employ and control the chiropractors and other chiropractic personnel that will provide the actual chiropractic services required to be delivered at and through the Clinic. You shall not provide any actual chiropractic services, nor shall you supervise, direct, control or suggest to, the PC or its chiropractors or employees the manner in which the PC provides or may provide chiropractic services to its patients. You acknowledge and agree that we will not provide any chiropractic services, nor will we supervise, direct, control or suggest to, the PC or its chiropractors or employees the manner in which the PC provide chiropractic services to its patients.

Due to various federal and state laws regarding the practice of chiropractic medicine, and the ownership and operation of chiropractic practices and health care businesses that provide chiropractic services, you understand and acknowledge that that you, as non-chiropractor Location franchisee, shall not engage in any practices that are, or may appear to be, the practice of chiropractic medicine. You acknowledge that the PC must offer all chiropractic services in accordance with the Management Agreement and the System.

You must use our standard form of Management Agreement, however, you may negotiate the monetary terms and, with our written consent, certain other terms of the relationship with the PC. We will not unreasonably withhold our approval to requested changes in the Management Agreement. You must obtain our written approval of the final Management Agreement prior to your execution. We must approve the PC candidate. You shall ensure that the PC offers all chiropractic services in accordance with the Management Agreement and the System. If you are not able to find a suitable chiropractor to create, own and staff the PC, we will attempt to help you find a suitable PC. You must have a Management Agreement in effect with a PC at all times during the operation of the Franchised Business and during the Initial Term of this Agreement.

If you are a licensed chiropractor, or part of a PC owned by licensed chiropractors, you do not need to execute a Management Agreement. However, you are still responsible for compliance with all laws application to the operation of a chiropractic Clinic and your Location franchise.

2.4 Waiver of Management Agreement.

In certain states, it may be permissible under the existing laws that may be applicable to chiropractic professionals and/or practices, such as chiropractic clinics, for a non-chiropractor to both own and operate a Clinic and a Location Franchise, including hiring chiropractic and other professional personnel and providing chiropractic services to patients at the Clinic. If you determine that the laws that would apply to a Clinic in your state would permit you to do so, you may request that we waive certain of the requirements of the Franchise Agreement related to separating the operation of the chiropractic aspects of the Clinic from the management aspects. In particular, you (i) would not enter into a Management Agreement with a PC that, as a separate entity, would otherwise operate the Clinic and provide all chiropractic services, and (ii) you would not be restricted from hiring and supervising chiropractic professionals. Any waiver, or any modification of our standards, would be subject to compliance with all applicable laws and regulations. If we agree to do a waiver, you must enter into an Amendment to Waive Management Agreement ("Waiver Agreement"), a copy of which is attached as an exhibit to our Disclosure Document. Under the Waiver Agreement, you will agree that, instead of entering into the Management Agreement with a separate PC, you will (a) operate the Clinic, including performing all responsibilities and obligations of the "PC" under the Management Agreement, and (b) manage the Clinic as required in this Agreement and by performing all the responsibilities and obligations of the "Company" under the Management Agreement.

You are responsible for operating in full compliance with all laws that apply to a Clinic, and you must make your own determination as to your legal compliance obligations. Additionally, the laws applicable to your Clinic may change, and if there are any chiropractic regulations or other laws that would render your operation of the Clinic through a single entity (or otherwise) in violation of any medical regulations, you must immediately advise us of such change and of the your proposed corrective action to comply with chiropractic regulations, including (if applicable) entering into a Management Agreement with a PC. Similarly, if we discover any such laws, upon providing you notice of such laws, you agree to make such changes as are necessary to comply with medical regulations, including (if applicable) entering into a Management Agreement with a PC.

2.5 Selection of Premises; No Protected Territory; Reservation of Rights.

You and we will mutually select the location of the Premises upon or after the signing of this Agreement. You acknowledge that the Franchise granted by this Agreement gives you the right to operate your Franchise only at the Premises. Although we will not seek to operate or grant others the right to operate a The Joint Corp. Location within the same general area as the Premises, we make no guarantee of any protected territory. Except as otherwise provided in this Paragraph 2.5, we retain all rights with respect to The Joint Corp. Location franchises, the Marks and the System, including (by way of example only and not as a limitation): (a) the right to operate or grant others the right to operate The Joint Corp. Location franchises in any location on terms and conditions we deem appropriate; and (b) the right to operate or offer other healthcare-related companies or franchises or enter into other lines of business offering similar or dissimilar products or services under trademarks or service marks other than the Marks, in any location.

2.6 Renewal of Franchise.

(a) Franchise Owner's Right to Renew. Subject to the provisions of subparagraph 2.6(b) below, and if you have substantially complied with all provisions of this Agreement and all other agreements between us, on expiration of the Initial Term, if you refurbish and decorate the Premises, replace fixtures, furnishings, wall decor, furniture, equipment, and signs and otherwise modify the Franchise in compliance with specifications and standards then applicable under new or renewal franchises for The Joint Corp. Location franchises, you will have the right to renew the Franchise for one (1) additional term of ten (10) years (the "Renewal Term").

(b) Notice of Deficiencies and Other Requirements. At least one (1) year before the expiration of the Initial Term, we agree to give you written notice of any deficiencies in your operation or in the historical performance of the Franchise that could cause us not to renew the Franchise. If we will permit renewal, our notice will state what actions, if any, you must take to correct the deficiencies in your operation of the Franchise or of the Premises, and will specify the time period in which those deficiencies must be corrected or other requirements satisfied. Renewal of the Franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement up to the date of expiration. If we send a notice of non-renewal, it will state the reasons for our refusal to renew.

(c) Renewal Agreement; Releases. Should you choose to renew the Franchise, you must provide us with written notice of that intent no earlier than two (2) years and no later than one (1) year before the expiration of the Initial Term. To renew the Franchise, the Company, you and your Principal Owners must execute the form of Franchise Agreement and any ancillary agreements we are then customarily using in the grant or renewal of franchises for the operation of The Joint Corp. Location Franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), except that no initial franchise fee will be payable upon renewal of the Franchise. However, you must pay to us a renewal fee equal to 25% of our then-current initial franchise fee for Start-up Locations. You and your Principal Owners and your and their spouses must also execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates, and our and their respective owners, officers, directors, employees, and agents.

2.7 Personal Guaranty by Principal Owners; Reference to Exhibit 2**.**

Each of the Principal Owners and their spouses (where applicable), will be required to execute a personal guaranty (the "Guaranty"), guaranteeing the Franchise's liabilities and obligations to the Company. A copy of the Guaranty is incorporated herein as **Exhibit 2**.

3. DEVELOPMENT AND OPENING OF THE FRANCHISE

3.1 Site Approval; Lease or Purchase of Premises; Opening Timeline; Reference to Exhibit 3.

(a) You will use your best efforts to locate and select a proposed site for the Premises that is acceptable to us as suitable for the operation of the Franchise, which must be reviewed and approved by us within six (6) months of the Agreement Date. Our review and approval process may take up to thirty (30) days, so we recommend you submit your proposed site to us within one hundred fifty (150) days of the Agreement Date. You must submit to us, in the form we specify, a description of the site and such other information or materials as we may reasonably require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout and other physical characteristics, for The Joint Corp. Location franchises. Our approval of a site shall not constitute, nor be deemed, a judgment as to the likelihood of success of a The Joint Corp. Location at such location, or a judgment as to the relative desirability of such location in comparison to other locations. If you fail to identify a mutually-agreeable site within the aforementioned six (6) month period, we may terminate this Agreement.

(b) Once we have approved the proposed site of the Premises for your Franchise, you must obtain lawful possession of the Premises through lease or purchase within thirty (30) days of our approval of the Premises. You agree that you will not execute a lease without our advance written approval of the lease terms. The lease for the Premises must include the Addendum to Lease, attached hereto as Exhibit 3, permitting us to take possession of the Premises under certain conditions if this Agreement is terminated or if you violate the terms of the lease.

(c) Unless we agree otherwise, you must open your franchise for business no later than nine (9) months from the Effective Date of this Agreement.

3.2 Prototype and Construction Plans and Specifications.

We will furnish to you prototype plans and specifications for your Location, reflecting our requirements for design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for The Joint Corp. Locations, which may be in the form of actual plans for an existing or proposed Location with which we are involved. Using an architect we designate or approve, it will then be your responsibility to have the plans and specifications modified to comply with all ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the Premises. You must submit final construction plans and specifications to us for our approval before you begin construction at the Premises, and must construct the Franchise location in accordance with those approved plans and specifications.

3.3 Development of the Franchise.

You agree at your own expense to do the following by the Opening Deadline defined in Exhibit 1: (1) secure all financing required to fully develop the Franchise; (2) obtain all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses; (3) construct the Franchise location according to the approved construction plans and specifications; (4) decorate the Franchise location in compliance with the approved plans and specifications; (5) purchase and install all required equipment, furniture, furnishings and signs; (6) cause the training requirements of Section 4 to be completed; (7) purchase an opening inventory of products and other supplies and materials; (8) provide proof, in a form satisfactory to us, that your operation of the Franchise at the Franchise location does not violate any applicable state or local zoning or land use laws, ordinances, or regulations, or any restrictive covenants that apply to such location; (9) provide proof, in a form satisfactory to us, that you (and/or your General Manager, as defined in Section 4.1, if any) are legally authorized and have all licenses necessary to perform all of the services to be offered by your Franchise, and that your organizational structure is consistent with all legal requirements; (10) provide proof, in a format satisfactory to us, that you have obtained all required insurance policies, and have name us, as an additional insurance under all such policies; (11) submit to us a completed copy of the grand opening checklist we provide to you; (12) do any other acts necessary to open the Franchise for business; (13) obtain our approval to open the Franchise for business; and (14) open the Franchise for business.

3.4 Computer System.

(a) General Requirements. You agree to use in the development and operation of the Franchise the computer terminals/billing systems and operating software ("Computer System") that we specify from time to time. You acknowledge that we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including without limitation a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto), and that the cost to you of obtaining the Computer System (or additions or modifications thereto), including software, may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we and our affiliates have the right to charge a reasonable systems fee for software or systems installation services; modifications and enhancements specifically made for us or our affiliates that are licensed to you; and other maintenance and support Computer System-related services that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

(b) Software. As a franchisee of The Joint Corp., we will provide to you The Joint Corp.'s proprietary office management software (the "Joint Software"), which you will be required to install onto the Computer System and use in the daily operation of the Franchise. In addition, we may, at any time and from time to time, contract with one or more software providers, business service providers, or other third parties (individually, a "Service Provider") to develop, license, or otherwise provide to or for the use and benefit of you and other The Joint Corp. Franchises certain software, software applications, and software maintenance and support services related to the Computer System that you must or may use in accordance with our instructions with respect to your Computer System.

3.5 Equipment, Furniture, Fixtures, Furnishings and Signs.

You agree to use in the development and operation of the Franchise only those brands, types, and/or models of equipment, furniture, fixtures, furnishings, and signs we have approved.

3.6 Franchise Opening.

You agree not to open the Franchise for business until: (1) all of your obligations under Paragraphs 3.1 through 3.4 of this Section have been fulfilled; (2) we determine that the Franchise has been constructed, decorated, furnished, equipped, and stocked with materials and supplies in accordance with plans and specifications we have provided or approved; (3) you and any of your Franchise's employees whom we require complete our pre-opening Initial Training (as defined herein) to our satisfaction; (4) the Initial Franchise Fee (as defined herein) and all other amounts due to us have been paid; (5) you have furnished us with copies of all insurance policies required by Paragraph 10.8 of this Agreement, or have provided us with appropriate alternative evidence of insurance coverage and payment of premiums as we have requested; and (6) we have approved any marketing, advertising, and promotional materials you desire to use, as provided in Paragraph 11.2 of this Agreement.

The Company will provide, at our expense, an opening supervisor to be on site at your Location to assist you with your operational efficiency, staff training, Location setup and grand opening. The opening supervisor will be on site one (1) day before the opening of your first Location and for one (1) day after the opening of your first Location franchise.

4. TRAINING.

4.1 General Manager.

At your request, we may, but are not obligated to, agree for you to employ a general manager to operate the Franchise ("General Manager"). The term "General Manager" means an individual with primary day-to-day responsibility for the Franchise's operations, and may or may not be you (if you are an individual) or a Principal Owner, officer, director, or employee of yours (if you are other than an individual). We may or may not require that the General Manager have an equity interest in the Franchise. The General Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Franchise's operations, and must have full authority from you to implement the System at the Franchise. You must not hire any General Manager or successor General Manager without first receiving our written approval of such General Manager's qualifications. Each General Manager and successor General Manager must attend and complete our Initial Training (as defined herein). No General Manager may have any interest in or business relationship with any business competitor of your franchise. Each General Manager must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information described in Paragraph 9.1, and to abide by the covenants not to compete described in Paragraph 9.3. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training program, that your General Manager (if any) is not qualified to act as General Manager of the Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

4.2 Training.

You acknowledge that it is very important to the operation of the Franchise that you and your employees receive appropriate training. To that end, you agree as follows:

(a) No later than thirty (30) days before the Franchise opens for business, you must attend our initial training program for your Franchise (the "Initial Training") at the time and place we designate. You (if you are an individual) or at least one of your Principal Owners (if you are a legal entity) must complete the Initial Training to our satisfaction. If you employ a General Manager other than yourself or one of your Principal Owners, that General Manager must also complete the Initial Training to our satisfaction. Other employees may complete the Initial Training at your sole discretion and expense, provided you first obtain our approval and subject to availability of facilities and materials. The Initial Training may include classroom instruction and Franchise operation training, and will be furnished at our training facility in Scottsdale, Arizona, a The Joint Corp. Franchise location we designate, your Franchise location, and/or at another location we designate. Our Initial Training programs may be different for each employee depending on their responsibilities at the Franchise. There will be no tuition charge for the persons whom we require to attend any Initial Training program or for any additional personnel of your choosing. All persons who attend our Initial Training must attend and complete the Initial Training to our satisfaction. If we, in our sole discretion, determine that any General Manager or employee whom we require to attend any Initial Training program is unable to satisfactorily complete such program, then you must not hire that person, and must hire a substitute General Manager or employee (as the case may be), who must enroll in the Initial Training program within fifteen (15) days thereafter, and complete the Initial Training to our satisfaction.

(b) You agree to have your General Manager (if any) and/or other employees who attend our Initial Training complete additional training programs at places and times as we may request from time to time during the term of this Agreement.

(c) In addition to providing the Initial Training described above, we reserve the right to offer and hold such additional ongoing training programs and franchise owners meetings regarding such topics and at such times and locations as we may deem necessary or appropriate. We also reserve the right to make any of these training programs mandatory for you and/or designated owners, employees, and/or representatives of yours. We reserve the right to charge you a daily attendance fee in an amount to be set by us for each attendee of yours who attends any mandatory or optional training program or owners meeting. If we offer any such mandatory training programs, then you or your designated personnel must attend a minimum of seventy-five percent (75%) of the programs offered on an annual basis. In addition to any other remedies we may have, if you fail to attend any required training, we reserve the right to charge you a non-attendance fee of up to $400 per day for each day of mandatory training programs or meetings you miss or fail to attend.

(d) You agree to pay all wages and compensation owed to, and travel, lodging, meal, transportation, and personal expenses incurred by, all of your personnel who attend our Initial Training and/or any mandatory or optional training we provide.

(e) We may require your employees to take and pass an online computer training course. While there is no cost to take such training, we may require all employees and staff to pass such training to our satisfaction before they may begin working at your Franchise location.

(f) The Franchise's General Manager (if any) and other employees shall obtain all certifications and licenses required by law in order to perform their responsibilities and duties for the Franchise.

5. GUIDANCE; OPERATIONS MANUAL.

5.1 Guidance and Assistance.

During the term of this Agreement, we may from time to time furnish you guidance and assistance with respect to: (1) specifications, standards, and operating procedures used by The Joint Corp. Location franchises; (2) purchasing approved equipment, furniture, furnishings, signs, materials and supplies; (3) development and implementation of local advertising and promotional programs; (4) general operating and management procedures; (5) establishing and conducting employee training programs for your Franchise; and (6) changes in any of the above that occur from time to time. This guidance and assistance may, in our discretion, be furnished in the form of bulletins, written reports and recommendations, operations manuals and other written materials (the "Operations Manual"), and/or telephone consultations and/or personal consultations at our offices or your Franchise. If you request—and if we agree to provide—any additional, special on-premises training of your personnel or other assistance in operating your Franchise, then you agree to pay a daily training fee in an amount to be set by us, and all expenses we incur in providing such training or assistance, including any wages or compensation owed to, and travel, lodging, transportation, and living expenses incurred by, our Company personnel.

5.2 Operations Manual.

The Operations Manual we lend to you will contain mandatory and suggested specifications, standards, and operating procedures that we prescribe from time to time for your Franchise, as well as information relative to other obligations you have in the operation of the Franchise. The Operations Manual may be composed of or include audio recordings, video recordings, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Manual available to you through various means, including the Internet. A previously delivered Operations Manual may be superseded from time to time with replacement materials to reflect changes in the specifications, standards, operating procedures and other obligations in operating the Franchise. You must keep your copy of the Operations Manual current, and if you and we have a dispute over the contents of the Manual, then our master copy of the Manual will control. You agree that you will not at any time copy any part of the Operations Manual, permit it to be copied, disclose it to anyone not having a need to know its contents for purposes of operating your Franchise, or remove it from the Franchise location without our permission. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, then you must obtain a replacement copy for us at our then-applicable charge.

5.3 Modifications to System.

We will continually be reviewing and analyzing developments in the healthcare, and chiropractic industries, as well as developments in fields related to small-business management, and based upon our evaluation of this information, may make changes in the System, including but not limited to, adding new components to services offered and equipment used by The Joint Corp. Location franchises. Moreover, changes in laws regulating the services offered by The Joint Corp. franchises may (a) require us to restructure our franchise program, (b) require your General Manager (if any) and employees to obtain additional licenses or certifications, (c) require you to retain or establish relationships with additional professionals and specialists in the chiropractic and/or healthcare industries, and/or (d) require you to modify your ownership or organizational structure. You agree, at our request, to modify the operation of the Franchise to comply with all such changes, and to be solely responsible for all related costs.

5.4 Advisory Councils.

You agree to participate in, and, if required, become a member of any advisory councils or similar organizations we form or organize for The Joint Corp. Location franchises.

6. FEES AND COSTS.

6.1 Initial Franchise Fee.

You agree to pay us the initial franchise fee of Twenty-Nine Thousand and No/100 Dollars ($29,000.00) (the "Initial Franchise Fee") when you sign this Agreement. In recognition of the expenses we incur in furnishing assistance and services to you, you agree that we will have fully earned the Initial Franchise Fee, and that is due and non-refundable when you sign this Agreement.

6.2 Royalty Fee.

You agree to pay us a continuing franchise royalty fee ("Royalty Fee") in the amount of seven percent (7%) of the gross revenues of the Franchise for all periods, with a minimum monthly amount of Seven Hundred and No/100 Dollars ($700.00). This fee will be payable on the 1st and 16th of each month based on the Franchise's gross revenues. If the 1st or 16th of the month fall on a weekend or holiday, then the fee is payable on the next business day. If, at the end of any calendar month, the total Royalty Fee collected for the preceding month is less than $700.00, the difference between the amount collected and $700.00 shall be due on the tenth (10th) day of the following month. The terms "gross revenues" shall, for purposes of this Agreement, mean the total of all revenue and receipts derived from the operation of the Franchise, including all amounts received at or away from the site of the Franchise, or through the business the Franchise conducts (such as fees for chiropractic care, fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the Franchise actually makes. For the avoidance of doubt, you specifically acknowledge that "gross revenues" includes the gross revenues of any P.C. or any of P.C.'s clinics that are managed by you pursuant to a Management Agreement, even if those revenues are not recognized on your books, and that you are responsible for determining those revenues and paying the Royalty Fee as if those revenues were recognized on your books. You and we acknowledge and agree that the Royalty Fee represents compensation paid by you to us for the guidance and assistance we provide and for the use of our Marks, Confidential Information (as defined herein), know-how, and other intellectual property we allow you to use under the terms of this Agreement. The Royalty Fee does not represent payment for the referral of customers to you, and you acknowledge and agree that the services we offer to you and our other The Joint Corp. franchisees do not include the referral of customers.

6.3 Regional and National Advertising Fee.

Recognizing the value of advertising to the goodwill and public image of The Joint Corp. Location franchises, we may, in our sole discretion, establish, maintain and administer one or more regional and/or national advertising funds (the "Ad Fund(s)") for such advertising as we may deem necessary or appropriate in our sole discretion. We may, however, choose to use only one Ad Fund to meet the needs of regional, multi-regional, and national advertising and promotional programs. If we establish an Ad Fund, you agree to contribute to the Ad Fund a percentage of gross revenues of the Franchise in an amount we designate from time to time by notice to you, up to a maximum of two percent (2%) of the gross revenues of the Franchise. As of the date of this Agreement, the current required contribution to the Ad Fund is one percent (1%) of the gross revenues of the Franchise. In the event we choose to change the required contribution amount, which we may do at our sole and absolute discretion, up to a maximum of two percent (2%) of gross revenues, we will provide you with thirty (30) days' advance written notice of the change. These advertising fees ("Advertising Fees") will be payable with and at the same time as your Royalty Fees payable under Paragraph 6.2 above. A further description of the Ad Fund and your obligations with respect to advertising and promoting the Franchise is found in Section 11 of this Agreement.

6.4 Local Advertising.

(a) By Franchisee. In addition to the Advertising Fees set forth in Paragraph 6.3, which will be used by us to promote The Joint Corp. on a regional and national level, you agree to spend a certain amount on advertising in your local market area. This amount must equal the greater of (a) Three Thousand and No/100 Dollars ($3,000.00); or (b) five percent (5%) of the Franchise's gross revenues for each month during the term of this Agreement (the "Local Advertising Requirement"). All proposed local advertising must be submitted to and approved by us before you enter into any advertising agreements. At our request, you must provide us with any documentation we request showing that you have met your monthly Local Advertising Requirement.

(b) Regional Advertising Cooperative. In the event that more than one The Joint Corp. Location franchise is located in an area of dominant influence ("ADI"), we reserve the right to form a regional advertising cooperative (the "Regional Ad Co-op"), require you to join the Regional Ad Co-op and contribute to its funding. An ADI is a geographic market designation that defines a broadcast media market, consisting of all counties in which the home market stations receive a preponderance of viewing. We reserve the right to determine the amount to be contributed by each member of the Regional Ad Co-op as necessary. The required contributions to any Regional Ad Co-op will not be credited against the Local Advertising Requirement set forth in Paragraph 6.4(a) or 11.2.

6.5 Grand Opening Costs.

During sixty (60) day period that begins thirty (30) days prior to the opening of your Franchise, and ending thirty (30) days after the opening of your Franchise (the "Grand Opening Period"), you will be required to expend at least Ten Thousand and No/100 Dollars ($10,000.00) in verifiable marketing costs to publicize the grand opening of your Franchise. These costs may include, but are not limited to, signage, local advertising, flyers, promotions, and giveaways. Upon conclusion of the Grand Opening Period, you must send to us a report detailing the amounts spent to publicize the grand opening of your franchise during the Grand Opening Period. All proposed grand opening advertising must be submitted to and approved by us. At our request, you must provide us with any documentation we request showing that you have met the required spend requirement for your Grand Opening.

6.6 Software and Programming Fees.

The initial purchase and installation fee for the Joint Software is Four Hundred Ninety-Five and No/100 Dollars ($495.00), which is payable along with the Initial Franchise Fee. For each month during the term of this Agreement, the on-going license fee for the Joint Software is Two Hundred Seventy-Five and No/100 Dollars ($275.00), which will be debited from the Account on the fifth (5th) day of each month for the preceding month.

6.7 Relocation Fee.

If you must relocate the Premises of your Location for any reason, you must pay to us a Franchise Relocation Fee (the "Relocation Fee") of Two Thousand Five Hundred and No/100 Dollars ($2,500.00). The Relocation Fee will help the Company defray the costs of approving a new location, reviewing and approving plans for the new location, and updating Company records and marketing materials to reflect the new location.

6.8 Late Payments.

All Royalty Fees, Advertising Fees, amounts due from you for purchases from us or our affiliates, and other amounts which you owe us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the lesser of (i) the highest commercial contract interest rate permitted by state law, and (ii) the rate of eighteen percent (18%) per annum. In addition to any accruing interest, all late payments will incur a late charge of Fifty and No/100 Dollars ($50.00) per day until the payment is made. Payments due us or our affiliates will not be deemed received until such time as funds from the deposit of any check by us or our affiliates is collected from your account. You acknowledge that the inclusion of this Paragraph in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Franchise. We have the right to require that any payments due us or our affiliates be made by certified or cashier's check in the event that any payment by check is not honored by the bank upon which the check is drawn. We also reserve the right to charge you a fee of One Hundred and No/100 Dollars ($100.00) for any payment by check that is not honored by the bank upon which it is drawn.

6.9 Electronic Funds Transfer.

We have the right to require you to participate in an electronic funds transfer program under which Royalty Fees, Advertising Fees, and any other amounts payable to us or our affiliates are deducted or paid electronically from your bank account (the "Account"). In the event you are required to authorize us to initiate debit entries, you agree to make the funds available in the Account for withdrawal by electronic transfer no later than the payment due date. The amount actually transferred from the Account to pay Royalty Fees and Advertising Fees will be based on the Franchise's gross revenues as reported in the Franchise's practice management software. If you have not properly input the Franchise's gross revenues for any reporting period, then we will be authorized to debit the Account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee, Advertising Fee, and other amounts transferred from the Account for the last reporting period for which a report of the Franchise's gross revenues was provided to us. If at any time we determine that you have under-reported the Franchise's gross revenues or underpaid any Royalty Fee or Advertising Fee due us under this Agreement, then we will be authorized to initiate immediately a debit to the Account in the appropriate amount, plus applicable interest, in accordance with the foregoing procedure. Any overpayment will be credited, without interest, against the Royalty Fee, Advertising Fee, and other amounts we otherwise would debit from your account during the following reporting period. Our use of electronic funds transfers as a method of collecting Royalty Fees and Advertising Fees due us does not constitute a waiver of any of your obligations to provide us with weekly reports as provided in Section 12, nor shall it be deemed a waiver of any of the rights and remedies available to us under this Agreement.

6.10 Application of Payments.

When we receive a payment from you, we have the right in our sole discretion to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for Royalty Fees, Advertising Fees, purchases, interest, or for any other reason, regardless of how you may designate a particular payment should be applied.

6.11 Modification of Payments.

If, by operation of law or otherwise, any fees contemplated by this Agreement cannot be based upon gross revenues, then you and we agree to negotiate in good faith an alternative fee arrangement. If you and we are unable to reach an agreement on an alternative fee arrangement, then the Company reserves the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

6.12 Non-Compliance Charge.

In addition to our other rights and remedies, we may charge you a non-compliance charge in an amount up to five hundred dollars ($500) per violation by you of any term or condition of this Agreement, including, without limitation, failure to pay (or to have adequate amounts available for electronic transfer of) amounts owed to Franchisor or Franchisor's affiliates or failure to timely provide required reports, or failure to obtain prior approval from Franchisor whenever Franchisor approval is required (i.e., advertising).

7. MARKS.

7.1 Ownership and Goodwill of Marks.

You acknowledge that your right to use the Marks is derived solely from this Agreement, and is limited to your operation of the Franchise pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures we prescribe from time to time during the term of the Franchise. You understand and acknowledge that our right to regulate the use of the Marks includes, without limitation, any use of the Marks in any form of electronic media, such as Websites (as defined herein) or web pages, or as a domain name or electronic media identifier. If you make any unauthorized use of the Marks, it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that all your usage of the Marks and any goodwill established by your use will inure exclusively to our benefit and the benefit of our affiliates, and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate the Franchise in compliance with this Agreement). All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, or logos we may authorize and/or license you to use during the term of this Agreement.

7.2 Limitations on Franchise Owner's Use of Marks.

You agree to use the Marks as the sole trade identification of the Franchise, except that you will display at the Franchise location a notice, in the form we prescribe, stating that you are the independent owner of the Franchise pursuant to a Franchise Agreement with us. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Agreement), or in any modified form. You also shall not use any Mark or any commercial symbol similar to the Marks 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. You agree to display the Marks in the manner we prescribe at the Franchise and in connection with advertising and marketing materials, and to use, along with the Marks, any notices of trade and service mark registrations we specify. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

7.3 Notification of Infringements and Claims.

You agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which you become aware. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge, or claim. We have the right to exclusively control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

7.4 Discontinuance of Use of Marks.

If it becomes advisable at any time in our sole judgment for the Franchise to modify or discontinue the use of any Mark, or use one or more additional or substitute trade or service marks, including the Marks used as the name of the Franchise, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

7.5 Indemnification of Franchise Owner.

We agree to indemnify you against, and reimburse you for, all damages for which you are held liable in any trademark infringement proceeding arising out of your use of any Mark pursuant to and in compliance with this Agreement, 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 this Agreement.

8. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

8.1 Independent Contractor; No Fiduciary Relationship.

This Agreement does not create a fiduciary relationship between you and us. You and we are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner, or employee of the other for any purpose whatsoever. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, Franchise personnel, and others as the owner of the Franchise pursuant to a Franchise Agreement with us, and to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.

8.2 No Liability, No Warranties.

We have not authorized or empowered you to use the Marks except as provided by this Agreement, and you agree not to employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other, or represent that your and our relationship is other than that of franchisor and franchisee.

8.3 Indemnification.

We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to you or any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets, or on us, in connection with the business you conduct, or any payments you make to us pursuant to this Agreement (except for our own income taxes). We will not assume any liability or be deemed liable for any agreements you enter with any third-parties, whether or not they are an approved or required vendor. You agree to indemnify, defend, and hold us, our affiliates and our and their respective owners, directors, officers, employees, agents, successors, and assigns (individually, an "Indemnified Party," and collectively, the "Indemnified Parties"), harmless against, and to reimburse such Indemnified Parties for, all such obligations, damages, and taxes for which any Indemnified Party may be held liable, and for all costs the Indemnified Party reasonably may incur in the defense of any such claim brought against the Indemnified Party, or in any such action in which the Indemnified Party may be named as a party, including without limitation actual and consequential damages; reasonable attorneys', accountants', and/or expert witness fees; cost of investigation and proof of facts; court costs; other litigation expenses; and travel and living expenses. Each Indemnified Party has the right to defend any such claim against the Indemnified Party. You further agree to hold us harmless and indemnify and defend us for all costs, expenses, and/or losses we incur in enforcing the provisions of this Agreement, defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement, including without limitation reasonable arbitrator's and attorneys' fees (including those for appeal), unless, after legal proceedings are completed, you are found to have fulfilled and complied with all of the terms of this Agreement. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

9. CONFIDENTIAL INFORMATION; NON-COMPETITION.

9.1 Types of Confidential Information.

We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by us, including but not limited to: (1) services and products offered and sold at The Joint Corp. franchises; (2) knowledge of sales and profit performance of any one or more The Joint Corp. franchises; (3) knowledge of sources of products sold at The Joint Corp. franchises, advertising and promotional programs, and image and decor; (4) the Joint Software; (5) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of The Joint Corp. franchises; and (6) the selection and methods of training employees. We will disclose much of the above-described information to you in advising you about site selection, providing our Initial Training, the Operations Manual, the Joint Software, and providing guidance and assistance to you under this Agreement. In addition, in the course of the operation of your Franchise, you or your employees may develop ideas, concepts, methods, or techniques of improvement relating to the Franchise that you disclose to us, and that we may then authorize you to use in the operation of your Franchise, and may use or authorize others to use in other The Joint Corp. franchises owned or franchised by us or our affiliates. Any such information disclosed to or developed by you will be referred to in this Agreement as "Confidential Information".

9.2 Non-Disclosure Agreement.

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 the Franchise, 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 belongs to us, may contain 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 (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form that may be copied or duplicated; and (4) 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 without limitation restrictions on disclosure to your employees, and the use of non-disclosure and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information.

9.3 Non-Competition Agreement.

You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure, and would be unable to encourage a free exchange of ideas and information among The Joint Corp. franchises, if franchise owners of The Joint Corp. franchises were permitted to hold interests in any competitive businesses (as described below). Therefore, during the term of this Agreement, neither you, nor any Principal Owner, nor any member of your immediate family or of the immediate family of any Principal Owner, shall perform services for, or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in, any business that offers products or services the same as or similar to those offered or sold at The Joint Corp. Location franchises. The ownership of one percent (1%) or less of a publicly traded company will not be deemed to be prohibited by this Paragraph. Upon expiration or termination of this Agreement for any reason, you agree not to engage in a competitive business for a period of two (2) years after the termination or expiration and within twenty-five (25) miles of your Franchise Premises or any other The Joint Corp. Location franchise location.

10. THE JOINT CORP. FRANCHISE OPERATING STANDARDS.

10.1 Condition and Appearance of the Franchise.

You agree that:

(a) neither the Franchise nor the Premises will be used for any purpose other than the operation of the Franchise in compliance with this Agreement;

(b) you will maintain the condition and appearance of the Franchise; its equipment, furniture, furnishings, and signs; and the Premises in accordance with our standards and consistent with the image of a The Joint Corp. Location franchise as an efficiently operated business offering high quality services, and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and in that connection will take, without limitation, the following actions during the term of this Agreement: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (2) interior and exterior repair of the Premises; and (3) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings and signs;

(c) you will not make any material alterations to the Premises or the appearance of the Franchise, as originally developed, without our advance written approval. If you do so, we have the right, at our option and at your expense, to rectify alterations we have not previously approved;

(d) you will promptly replace or add new equipment when we reasonably specify in order to meet changing standards or new methods of service;

(e) you will expend at least Six Thousand and No/100 Dollars ($6,000.00) every four (4) years in remodeling, expansion, redecorating and/or refurnishing of the Premises and the Franchise, if deemed necessary by us (any changes to the decoration or furnishing of the Premises must be approved by us);

(f) on notice from us, you will engage in remodeling, expansion, redecorating and/or refurnishing of the Premises and the Franchise to reflect changes in the operations of The Joint Corp. franchises that we prescribe and require of new franchisees, provided that (1) no material changes will be required unless there are at least two (2) years remaining on the Initial Term of the Franchise (any changes to the decoration or furnishing of the Premises must be approved by us); and (2) we have required the proposed change in at least twenty-five percent (25%) of all similarly situated Company and affiliate-owned The Joint Corp. Locations, and have undertaken a plan to make the proposed change in the balance of such Company and affiliate-owned Locations (any expenditures incurred pursuant to this Paragraph 10.1(f) shall apply to the requirement in Paragraph 10.1(e));

(g) you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve; and

(h) if at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the premises of the Franchise or its fixtures, equipment, furniture, or signs do not meet our standards, then we shall have the right to notify you specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within (ten) 10 days after receipt of our notice, and then continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, then we shall have the right, in addition to all other remedies available to us at law or under this Agreement, to enter the Premises or the Franchise and perform any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand.

10.2 Franchise Services and Products.

You agree that (a) the Franchise will offer for sale all services and products that we from time to time specify for Locations, (b) the Franchise will offer and sell approved services and products only in the manner we have prescribed; (c) you will not offer for sale or sell at the Franchise, the Premises, or any other location any services or products we have not approved; (d) all products will be offered at retail prices, and you will not offer or sell any products at wholesale prices; (e) you will not use the Premises for any purpose other than the operation of the Franchise; and (f) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing. In the event that you use, sell or distribute unauthorized products or services, and do not cease the use, sale, or distribution of unauthorized services or products within ten (10) days after written notice is given to you, we reserve the right to terminate this agreement and/or charge you a fee of One Hundred and No/100 Dollars ($100.00) for each day that you fail to comply with our demand to cease the use, sale or distribution of unauthorized products or services, which is a reasonable estimate of the damages we would incur from your continued use, sale or distribution of unauthorized products or services, and not a penalty. You agree to maintain an inventory of approved products sufficient in quantity and variety to realize the full potential of the Franchise. We may, from time to time, conduct market research and testing to determine consumer trends and the saleability of new services and products. You agree to cooperate by participating in our market research programs, test marketing new services and products in the Franchise, and providing us with timely reports and other relevant information regarding such market research. In connection with any such test marketing, you agree to offer a reasonable quantity of the products or services being tested, and effectively promote and make a reasonable effort to sell them.

10.3 Approved Products, Distributors and Suppliers.

We have developed or may develop various unique products or services that may be prepared according to our formulations. We have approved, and will continue to periodically approve, specifications for suppliers and distributors (which may include us and/or our affiliates) for products or services required to be purchased by, or offered and sold at, The Joint Corp. Location franchises, that meet our standards and requirements, including without limitation standards and requirements relating to product quality, prices, consistency, reliability, and customer relations. You understand and acknowledge we will not be liable to you or anyone else for any damages or claims arising out of or resulting from the acts or omissions any supplier and distributor of products or services, whether or not such supplier or distributor is an approved or required supplier or distributor of products or services. You agree that the Franchise will: (1) purchase any required products or services in such quantities as we designate; (2) utilize such formats, formulae, and packaging for products or services as we prescribe; and (3) purchase all designated products and services only from distributors and other suppliers we have approved. In the event we designate a required supplier or distributor during the term of this Agreement, or any subsequent franchise agreement, you must begin to use such required supplier or distributor with thirty (30) days of the date we notify you that you must use such supplier or distributor, unless we designate a longer period for you to switch or convert over to such supplier or distributor. Your failure or refusal to do so shall constitute a breach of this Agreement.

We may approve a single distributor or other supplier (collectively "supplier") for any product, and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of The Joint Corp. Locations franchised or operated by us. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria, and may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

We and/or our affiliates may be an approved supplier of certain products or services to be purchased by you for use and/or sale by the Franchise. We and our affiliates reserve the right to charge any licensed manufacturer engaged by us or our affiliates a royalty to manufacture products for us or our affiliates, or to receive commissions or rebates from vendors that supply goods or services to you. We or our affiliates may also derive income from our sale of products or services to you, and may sell these items at prices exceeding our or their costs in order to make a profit on the sale.

10.4 Hours of Operation.

You agree to keep the Franchise open for business at such times and during such hours as we may prescribe from time to time.

10.5 Specifications, Standards and Procedures.

You agree to comply with all mandatory specifications, standards, and operating procedures relating to the appearance, function, cleanliness, sanitation and operation of the Franchise. Any mandatory specifications, standards, and operating procedures that we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to "this Agreement" include all such mandatory specifications, standards, and operating procedures.

10.6 Compliance with Laws and Good Business Practices.

You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchise. You also agree to operate the Franchise in full compliance with all applicable laws, ordinances, and regulations, including without limitation all government regulations relating to worker's compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes.

All advertising you employ must be completely factual, in good taste (in our judgment), and conform to the highest standards of ethical advertising and all legal requirements. You agree that in all dealings with us and any of our affiliates, other franchisees, your customers, your suppliers, and public officials, you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice that may be harmful to the business of the Company, the Franchise, and/or the goodwill associated with the Marks and other The Joint Corp. franchises.

You must notify us in writing within 5 days of (1) the commencement of any action, suit, or proceeding, and/or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, that may adversely affect your and/or the Franchise's operation, financial condition, or reputation; and/or (2) your receipt or knowledge any notice of violation of any law, ordinance, or regulation relating to health or safety.

10.7 Management and Personnel of the Franchise.

Unless we approve your employment of a General Manager to operate the Franchise as provided in Paragraph 4.1, you must actively participate in the actual, on-site, day-to-day operation of the Franchise, and devote as much of your time as is reasonably necessary for the efficient operation of the Franchise. If you are other than an individual, then at least one (1) Principal Owner, director, officer, or other employee of you whom we approve must comply with the this requirement. If we agree that you may employ a General Manager, then the General Manager must fulfill this requirement. Any General Manager shall each obtain all licenses and certifications required by law before assuming his or her responsibilities at the Franchise. You will ensure that your employees and independent contractors of the Franchise have any licenses as may be required by law, and hold or are pursuing any licenses, certifications, and/or degrees required by law or by us in the Operations Manual, as updated from time to time. You will be exclusively responsible for the terms of your employees' and independent contractors' employment and compensation, and for the proper training of your employees and independent contractors in the operation of the Franchise. You must establish any training programs for your employees and/or independent contractors that we may prescribe in writing from time to time. You must require all employees and independent contractors to maintain a neat and clean appearance, and conform to the standards of dress that we specify in the Operations Manual, as updated from time to time. Each of your employees and independent contractors must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information, proprietary information, and trade secrets as described in Paragraph 9.1, and to abide by the covenants not to compete described in Paragraph 9.3. You must forward to us a copy of each such signed agreement. All of your employees and independent contractors must render prompt, efficient and courteous service to all customers of the Franchise. You agree not to recruit or hire, either directly or indirectly, any employee (or a former employee, for sixty (60) days after his or her employment has ended) of any The Joint Corp. Location franchise operated by us, our affiliates, or another The Joint Corp. franchise owner without first obtaining the written consent of us, our affiliate, or the franchise owner that currently employs (or previously employed) such employee. If you violate this provision, in addition to any other right or remedy we may have, you agree to pay the employee's current or former employer twice the employee's annual salary, plus all costs and attorneys' fees incurred as a result of the violation. This amount is set at twice the employee's annual salary because it is a reasonable estimation of the damages that would occur from such a breach, and it will almost certainly be impossible to calculate precisely the actual damages from such a breach.

10.8 Insurance.

Before you open the Franchise and during any Term of this Agreement, you must maintain in force, under policies of insurance written on an occurrence basis issued by carriers with an A.M. Best rating of A-VIII or better approved by us, and in such amounts as we may determine from time to time: (1) comprehensive public, professional, product, medical malpractice and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchise or otherwise in conjunction with your conduct of the Franchise Business pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage amounts as set forth in the Operations Manual; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Franchise and its contents, and any other assets of the Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than six (6) months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than $1,000,000/$3,000,000 or such other amounts that we may establish in the Operations Manual. You must purchase such insurance coverage(s) only from our approved or designated supplier(s). We may periodically increase or decrease the amounts of coverage required under these insurance policies, and/or require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Each insurance policy must name us (and, if we so request, our members, directors, employees, agents, and affiliates) as additional insureds, and must provide us with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy. Deductibles must be in reasonable amounts, and are subject to review and written approval by us. You must provide us with copies of policies evidencing the existence of such insurance concurrently with execution of this Agreement and prior to each subsequent renewal date of each insurance policy, along with certificates evidencing such insurance. You are responsible for any and all claims, losses or damages, including to third persons, originating from, in connection with, or caused by your failure to name us as an additional insured on each insurance policy. You agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage arising out of your failure to name us as additional insured, which indemnity shall survive the termination or expiration and non-renewal of this Agreement.

Prior to the expiration of the term of each insurance policy, you must furnish us with a copy of a renewal or replacement insurance policy and appropriate certificates of insurance. If you at any time fail or refuse to maintain any insurance coverage required by us or to furnish satisfactory evidence thereof, then we, at our option and in addition to our other rights and remedies under this Agreement, may, but need not, obtain such insurance coverage on your behalf, and you shall reimburse us on demand for any costs or premiums paid or incurred by us, including any administrative fees or surcharges that we may incur. If you fail to pay us within ten (10) days of our demand for reimbursement, we reserve the right to debit your account the amounts owed to us for any premiums paid on your behalf for such insurance coverage along with any other costs, surcharges expenses and fees we incur to obtain such coverage on your behalf or on behalf of your franchise. We reserve the right to require you to provide us with an application for insurance (in a form acceptable to our required supplier for insurance) for any medical professional that has been offered a position to work in a Franchise location so that we may, if you fail to do so, procure any necessary insurance coverage for such medical professional.

Notwithstanding the existence of such insurance, you are and will be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Franchise, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage, which indemnity shall survive the termination or expiration and non-renewal of this Agreement. In addition to the requirements of the foregoing paragraphs of this Paragraph 10.8, you must maintain any and all insurance coverage in such amounts and under such terms and conditions as may be required in connection with your lease or purchase of the Premises.

Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under Section 7 of this Agreement.

10.9 Credit Cards and Other Methods of Payment.

You must at all times have arrangements in existence with Visa, Master Card, American Express, Discover and any other credit and debit card issuers or sponsors, check verification services, and electronic fund transfer systems that we designate from time to time, in order that the Franchise may accept customers' credit and debit cards, checks, and other methods of payment. We may require you to obtain such services through us or our affiliates.

10.10 Pricing.

To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that the Franchise location offers, including without limitation, prices for promotions in which all or certain The Joint Franchise locations participate. If we establish such prices for any services or products, you agree not to exceed or reduce that price, but will charge the price for the service or product that we establish. You hereby agree to apply any pricing matrix or schedule established by us. If you wish to offer an alternate pricing matrix, you must obtain our prior written approval. In states where you must enter a Management Agreement (Section 2.3), this provision shall be modified, to the extent legally permissible, and/or legally construed to conform to the laws of the state where your Franchise location will be located.

11. ADVERTISING.

11.1 By Company.

As stated in Paragraph 6.3, due to the value of advertising and the importance of promoting the public image of The Joint Corp. Location franchises, we will establish, maintain, and administer one or more Ad Funds to support and pay for national, regional, and/or local marketing programs that we deem necessary, desirable, or appropriate to promote the goodwill and image of all The Joint Corp. Location franchises. You will contribute to the Ad Fund the Advertising Fee set forth in Section 6.3. We agree that any Locations owned by us or our affiliates will contribute to the Ad Fund on at least the same basis as you do.

We will be entitled to direct all advertising programs financed by the Ad Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. We will have the sole discretion to use the Ad Fund to pay the costs of preparing and producing video, audio, and written advertising materials; administering regional, multi-regional and/or national advertising programs; including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. and providing advertising and marketing materials to The Joint Corp. Location franchises. We may in our discretion use the Ad Fund to engage in advertising and promotional programs that benefit only one or several regionals, and not necessarily all Location franchises Ad Funds. The Ad Fund will furnish you with approved advertising materials at its direct cost of producing those advertising materials. The amounts you contribute to the Ad Fund will not be used for placement of advertising in television, radio, newspaper or other media. Rather, any collective media placement will be conducted through the local and regional advertising cooperatives described in Section 11.3.

The Ad Fund will be accounted for separately from other funds of the Company, and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs, and overhead we may incur in activities reasonably related to the administration of the Ad Fund and its advertising programs (including without limitation conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund). We may spend in any fiscal year an amount greater or less than the total contributions to the Ad Fund in that year. We may cause the Ad Fund to borrow from us or other lenders to cover deficits of the Ad Fund, or to invest any surplus for future use by the Ad Fund. You authorize us to collect for remission to the Ad Fund any advertising monies or credits offered by any supplier to you based upon purchases you make. We will prepare an annual statement of monies collected and costs incurred by the Ad Fund and will make it available to you on written request.

You understand and acknowledge that the Ad Fund will be intended to maximize recognition of the Marks and patronage of The Joint Corp. Location franchises. Although we will endeavor to use the Ad Fund to develop advertising and marketing materials, and to place advertising in a manner that will benefit all The Joint Corp. Location franchises, we undertake no obligation to ensure that expenditures by the Ad Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Ad Fund by The Joint Corp. Location franchises operating in that geographic area, or that any The Joint Corp. Location franchise will benefit directly or in proportion to its contribution to the Ad Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Paragraph, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Ad Fund.

We will have the right to terminate the Ad Fund by giving you thirty (30) days' advance written notice. All unspent monies on date of termination will be divided between the Company and the contributing The Joint Corp. Location franchisees in proportion to our and their respective contributions. At any time thereafter, we will have the right to reinstate the Ad Fund under the same terms and conditions as described in this Section (including the rights to terminate and reinstate the Ad Fund) by giving you thirty (30) days' advance written notice of reinstatement.

11.2 By Franchise Owner.

You must spend, in addition to any contributions to the Ad Fund, a minimum of the greater of (a) Three Thousand and No/100 Dollars ($3,000.00); or (b) five percent (5%) of the Franchise's gross revenues for each month during the term of this Agreement, as outlined in Paragraph 6.4, for local advertising, promotion and marketing. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising.

You agree to list and advertise the Franchise in each of the classified telephone directories distributed within your market area, in those business classifications as we prescribe from time to time, using any standard form of classified telephone directory advertisement we may provide.

On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. If you do not receive our written disapproval within fifteen (15) days from the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising or promotional materials that we have disapproved. You will be solely responsible and liable to ensure that all advertising, marketing, and promotional materials and activities you prepare comply with applicable federal, state, and local law, and the conditions of any agreements or orders to which you may be subject.

11.3 Regional Advertising Cooperatives.

In the event that more than one The Joint Corp. Location franchise is located in an area of dominant influence ("ADI"), we reserve the right to form a regional advertising cooperative (the "Regional Ad Co-op"). We also reserve the right to require you to join the Regional Ad Co-op and to contribute to its funding. We reserve the right to determine the amount to be contributed by each member of the Regional Ad Co-op as necessary. The required contributions to any Regional Ad Co-op will not be credited against the Local Advertising Requirement set forth in Paragraphs 6.4(a) and 11.2.

11.4 Websites and Other Forms of Advertising Media.

You acknowledge and agree that any Website or Other Forms of Advertising Media (as defined below) will be deemed "advertising" under this Agreement, and will be subject to, among other things, the need to obtain our prior written approval in accordance with Paragraphs 7.2 and 11.2. As used in this Agreement, the term or reference to "Website or Other Forms of Advertising Media" means any interactive system, including but not limited to all types of online communications, virtual applications, social media, or the like, including but not limited to Groupon, Living Social, Facebook, Twitter, etc., that you operate or use, or authorize others to operate or use, and that refer to the Franchise, the Marks, us, and/or the System. The term or reference Website or Other Forms of Advertising Media includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website or Other Forms of Advertising Media, you agree to the following:

(a) Before establishing any Website or Other Form of Advertising Media, you will submit to us a sample of such Website or Other Form of Advertising Media format and information in the form and manner we may require.

(b) You will not establish or use any Website or Other Forms of Advertising Media without our prior written approval.

(c) In addition to any other applicable requirements, you must comply with our standards and specifications for Website or Other Forms of Advertising Media as we prescribe in the Operations Manual or otherwise in writing, including any specifications relating to the use of organic and paid search engine optimization, keyword and landing page management. If we require, you will establish a website as part of our corporate website and/or establish electronic links to our corporate website.

(d) If you propose any material revision to Website or Other Forms of Advertising Media or any of the information contained therein, you will submit each such revision to us for our prior written approval.

12. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS.

You agree to maintain, at your own expense, the Joint Software and accounting software, to act as a bookkeeping, accounting, and record keeping system for the Franchise. The Joint Software includes the capability of being polled by our central computer system, which you agree to permit. With respect to the operation and financial condition of the Franchise, we will pull from the Joint Software (if available), or require you to provide from your accounting software in a form we designate, or in accordance with General Acceptably Accounting Principles ("GAAP"), as the case may be, the following: (1) by Tuesday of each week, an electronic report of the Franchise's gross revenues for the preceding week ending on, and including, Sunday, and any other data, information, and supporting records that we may require; (2) by the thirtieth (30^{th}) day of each month, a profit and loss statement for the preceding calendar month, and a year-to-date profit and loss statement and balance sheet; (3) within ninety (90) days after the end of your fiscal year, a fiscal year-end balance sheet, and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments; and (4) such other reports as we require from time to time (collectively, the "Reports"). You agree to input all Franchise transactions into the Joint Software and your accounting software in a timely manner to ensure that all Reports are accurate. If it is determined that any information was omitted from the Joint Software or your accounting software was input inaccurately, or you have failed to provide us any required Reports, we may charge a non-refundable accounting fee of One Hundred and No/100 Dollars ($100.00), payable in a lump sum by the fifth (5th) day of the month following the month during which the inaccurate report was submitted or for any late Reports. You agree to maintain and furnish upon our request complete copies of federal and state income tax returns you file with the Internal Revenue Service and state tax departments, reflecting revenues and income of the Franchise or the corporation, partnership, or limited liability company that holds the Franchise. We reserve the right to require you to have audited or reviewed financial statements prepared by a certified public accountant on an annual basis. You agree to retain hard copies of all records for a minimum of four (4) years.

13. INSPECTIONS AND AUDITS.

13.1 Company's Right to Inspect the Franchise.

To determine whether you and the Franchise are complying with this Agreement and the specifications, standards, and operating procedures we prescribe for the operation of the Franchise, we or our agents have the right, at any reasonable time and without advance notice to you, to: (1) inspect the Premises; (2) observe the operations of the Franchise for such consecutive or intermittent periods as we deem necessary; (3) interview personnel of the Franchise; (4) interview customers of the Franchise; and (5) inspect and copy any books, records and documents relating to the operation of the Franchise. You agree to fully cooperate with us in connection with any of those inspections, observations and interviews. You agree to present to your customers any evaluation forms we periodically prescribe, and agree to participate in, and/or request that your customers participate in, any surveys performed by or on our behalf. Based on the results of any such inspections and audits and your other reports, we may provide to you such guidance and assistance in operating your Franchise as we deem appropriate.

13.2 Company's Right to Audit.

We have the right at any time during business hours, and without advance notice to you, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchise, and the books and records of any corporation, limited liability company, or partnership that holds the Franchise. You agree to fully cooperate with our representatives and any independent accountants we may hire to conduct any inspection or audit. If the inspection or audit is necessary because of your failure to furnish any reports, supporting records, other information or financial statements as required by this Agreement, or to furnish such reports, records, information, or financial statements on a timely basis, or if an understatement of gross revenues for any period is determined by an audit or inspection to be greater than two percent (2%), then you agree to pay us all monies owed, plus interest of one and one-half percent (1.5%) per month, and reimburse us for the cost of such inspection or audit, including without limitation any attorneys' fees and/or accountants' fees we may incur, and the travel expenses, room and board, and applicable per diem charges for our employees or contractors. The above remedies are in addition to all our other remedies and rights under this Agreement or under applicable law.

14. TRANSFER REQUIREMENTS.

14.1 Organization.

If you are a corporation, partnership or limited liability company (or if this Agreement is assigned to a corporation, partnership or limited liability company with our approval), you represent and warrant to us that you are and will continue to be throughout the term of this Agreement, duly organized and validly existing in good standing under the laws of the state of your incorporation, registration or organization, that you are qualified to do business and will continue to be qualified to do business throughout the term of this Agreement in all states in which you are required to qualify, that you have the authority to execute, deliver and carry out all of the terms of this Agreement, and that during the term of this Agreement the only business you (i.e., the corporate, partnership or limited liability entity) will conduct will be the development, ownership and operation of the Franchise.

14.2 Interests in Franchise Owner; Reference to Exhibit 4.

You and each Principal Owner represent, warrant and agree that all "Interests" in Franchise Owner are owned in the amount and manner described in Exhibit 4. No Interests in Franchise Owner will, during the term of this Agreement, be "public" securities (i.e., securities that require, for their issuance, registration with any state or federal authority). (An "Interest" is defined to mean any shares, membership interests, or partnership interests of Franchise Owner and any other equitable or legal right in any of Franchise Owner's stock, revenues, profits, rights or assets. When referring to Franchise Owner's rights or assets, an "Interest" means this Agreement, Franchise Owner's rights under and interest in this Agreement, any The Joint Corp. franchise, or the revenues, profits or assets of any The Joint Corp. franchise.) You and each Principal Owner also represent, warrant, and agree that no Principal Owner's Interest has been given as security for any obligation (i.e., no one has a lien on or security interest in a Principal Owner's Interest), and that no change will be made in the ownership of an Interest other than as expressly permitted by this Agreement or as we may otherwise approve in writing. You and each Principal Owner agree to furnish us with such evidence as we may request from time to time to assure ourselves that the Interests of Franchise Owner and each of your Principal Owners remain as permitted by this Agreement, including a list of all persons or entities owning any Interest, as defined above. If you have transferred your Interests in violation of this Agreement you shall be considered in breach of this Agreement.

14.3 Transfer by Company.

This Agreement is fully transferable by us and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to our interests in this Agreement.

14.4 No Transfer Without Approval.

You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your Principal Owners. Accordingly, neither this Agreement nor any part of your interest in it, nor any Interest (as defined in Paragraph 14.2) of Franchise Owner or a Principal Owner, may be transferred (see definition below) without our advance written approval if such transfer will result in the Principal Owner(s) set forth in Exhibit 4 holding less than a seventy-five percent (75%) Interest in Franchise Owner. Any Transfer that is made without our approval will constitute a breach of this Agreement and convey no rights to or interests in this Agreement, you, the Franchise, or any other The Joint Corp. franchise.

As used in this Agreement the term "Transfer" means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest, or occurrence of any other event which would or might change the ownership of any Interest, and includes, without limitation: (1) the Transfer of ownership of capital stock, partnership interest or other ownership interest (including the granting of options (such as stock options or any option which give anyone ownership rights now or in the future); (2) merger or consolidation, or issuance of additional securities representing an ownership interest in Franchise Owner; (3) sale of common stock of Franchise Owner sold pursuant to a private placement or registered public offering; (4) Transfer of an Interest in a divorce proceeding or otherwise by operation of law; or (5) Transfer of an Interest by will, declaration of or transfer in trust, or under the laws of intestate succession.

We will not unreasonably withhold consent to a Transfer of an Interest by a Principal Owner to a member of his or her immediate family or to your key employees, so long as all Principal Owners together retain a "controlling Interest" (i.e., the minimum ownership percentage listed in Exhibit 4), although we reserve the right to impose reasonable conditions on the Transfer as a requirement for our consent.

Interests owned by persons other than the Principal Owners ("minority owners") may be Transferred without our advance consent unless the Transfer would give that transferee and any person or group of persons affiliated or having a common interest with the transferee more than a collective twenty-five percent (25%) Interest in Franchise Owner, in which case our advance written approval for the Transfer must be obtained. Your formal partnership, corporation or other formation documents and all stock certificates, partnership units or other evidence of ownership must recite or bear a legend reflecting the transfer restrictions of this Paragraph 14.4.

14.5 Conditions for Approval of Transfer.

If you and your Principal Owners are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all the applicable requirements of this Section 14. The person or entity to whom you wish to make the Transfer, or its principal owners ("Proposed New Owner"), must be individuals of good moral character and otherwise meet our then-applicable standards for The Joint Corp. Location franchisees. If you propose to Transfer this Agreement, the Franchise or its assets, or any Interest, or if any of your Principal Owners proposes to Transfer a controlling Interest in you or make a Transfer that is one of a series of Transfers which taken together would constitute the Transfer of a controlling Interest in you, then all of the following conditions must be met before or at the time of the Transfer:

(a) the Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the Franchise;

(b) you must pay any amounts owed for purchases from us and our affiliates, and any other amounts owed to us or our affiliates which are unpaid;

(c) the Proposed New Owner's directors and such other personnel as we may designate must have successfully completed our Initial Training program, and shall be legally authorized and have all licenses necessary to perform the services offered by the Franchise. The Proposed New Owner shall be responsible for any wages and compensation owed to, and the travel and living expenses (including all transportation costs, room, board and meals) incurred by, the attendees who attend the Initial Training program;

(d) if your lease for the Premises requires it, the lessor must have consented to the assignment of the lease of the Premises to the Proposed New Owner;

(e) you (or the Proposed New Owner) must pay us a Transfer fee equal to seventy-five percent (75%) of the then current initial franchise fee we charge to new Start-up Location franchisees, and must reimburse us for any reasonable expenses incurred by us in investigating and processing any Proposed New Owner where the Transfer is not consummated for any reason;

(f) you and your Principal Owners and your and their spouses must execute a general release (in a form satisfactory to us) of any and all claims you and/or they may have against us, our affiliates, and our and our affiliates' respective officers, directors, employees, and agents;

(g) we must approve the material terms and conditions of the proposed Transfer, including without limitation that the price and terms of payment are not so burdensome as to adversely affect the operation of the Franchise;

(h) the Franchise and the Premises shall have been placed in an attractive, neat and sanitary condition;

(i) you and your Principal Owners must enter into an agreement with us providing that all obligations of the Proposed New Owner to make installment payments of the purchase price (and any interest on it) to you or your Principal Owners will be subordinate to the obligations of the Proposed New Owner to pay any amounts payable under this Agreement or any new Franchise Agreement that we may require the Proposed New Owner to sign in connection with the Transfer;

(j) you and your Principal Owners must enter into a non-competition agreement wherein you agree not to engage in a competitive business for a period of two (2) years after the Transfer and within twenty-five (25) miles of your Franchise Premises or any other The Joint Corp. Location franchise location;

(k) the Franchise shall have been determined by us to contain all equipment and fixtures in good working condition, as were required at the initial opening of the Franchise. The Proposed New Owner shall have agreed, in writing, to make such reasonable capital expenditures to remodel, equip, modernize and redecorate the interior and exterior of the premises in accordance with our then existing plans and specifications for a The Joint Corp. Location franchise, and shall have agreed to pay our expenses for plan preparation or review, and site inspection;

(l) upon receiving our consent for the Transfer or sale of the Franchise, the Proposed New Owner shall agree to assume all of your obligations under this Agreement in a form acceptable to us, or, at our option, shall agree to execute a new Franchise Agreement with us in the form then being used by us. We may, at our option, require that you guarantee the performance, and obligations of the Proposed New Owner; and

(m) you must have properly offered us the opportunity to exercise our right of first refusal as described below, and we must have then declined to exercise it.

14.6 Right of First Refusal.

If you or any of your Principal Owners wishes to Transfer any Interest, we will have a right of first refusal to purchase that Interest as follows. The party proposing the Transfer (the "transferor") must obtain a bona fide, executed written offer (accompanied by a "good faith" earnest money deposit of at least five percent (5%) of the proposed purchase price) from a responsible and fully disclosed purchaser, and must submit an exact copy of the offer to us. You also agree to provide us with any other information we need to evaluate the offer, if we request it within five (5) days of receipt of the offer. We have the right, exercisable by delivering written notice to the transferor within fifteen (15) days from the date of last delivery to us of the offer and any other documents we have requested, to purchase the Interest for the price and on the terms and conditions contained in the offer, except that we may substitute cash for any form of payment proposed in the offer, and will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed Transfer. We also will not be required to pay any amount for any claimed value of intangible benefits, for example, possible tax benefits that may result by structuring and/or closing the proposed Transfer in a particular manner or for any consideration payable other than the bona fide purchase price for the Interest proposed to be transferred. (In fact, we may in our sole and absolute discretion withhold consent to any proposed Transfer if the offer directly or indirectly requires payment of any consideration other than the bona fide purchase price for the Interest proposed to be transferred.) Our credit will be deemed equal to the credit of any other proposed purchaser, and we will have at least sixty (60) days to prepare for closing. We will be entitled to all customary representations and warranties given purchasers in connection with such sales. If the proposed Transfer includes assets not related to the operation of the Franchise, we may purchase only the assets related to the operation of the Franchise or may also purchase the other assets. (An equitable purchase price will be allocated to each asset included in the Transfer.)

If we do not exercise our right of first refusal, the transferor may complete the sale to the Proposed New Owner pursuant to and on the terms of the offer, as long as we have approved the Transfer as provided in this Section 14. You must immediately notify us of any changes in the terms of an offer. Any material change in the terms of an offer before closing will make it a new offer, revoking any previous approval or previously made election to purchase and giving us a new right of first refusal effective as of the day we receive formal notice of a material change in the terms. If the sale to the Proposed New Owner is not completed within one hundred twenty (120) days after we have approved the Transfer, our approval of the proposed Transfer will expire. Any later proposal to complete that proposed Transfer will be deemed a new offer, giving us a new right of approval and right of first refusal effective as of the day we receive formal notice of the new (or continuing) proposal. We will not exercise a right of first refusal with respect to a proposed Transfer of less than a controlling interest to a member of a Principal Owner's immediate family or to your key employees.

14.7 Death and Disability.

Upon the death or permanent disability of you or a Principal Owner, the executor, administrator, conservator or other personal representative of the deceased or disabled person must Transfer the deceased or disabled person's Interest within a reasonable time, not to exceed forty-five (45) days from the date of death or permanent disability, to a person we have approved. Such Transfers, including without limitation transfers by a will or inheritance, will be subject to all the terms and conditions for assignments and Transfers contained in this Agreement. Failure to so dispose of an Interest within the forty-five (45) day period of time will constitute grounds for termination of this Agreement.

14.8 Effect of Consent to Transfer.

Our consent to a proposed Transfer pursuant to this Section 14 will not constitute a waiver of any claims we may have against you or any Principal Owner, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner.

14.9 Consent Not Unreasonably Delayed.

If all the conditions are met to transfer the FA or any interest therein, we will not unreasonably delay granting our consent to the transfer.

15. TERMINATION OF THE FRANCHISE.

We have the right to terminate this Agreement effective upon delivery of notice of termination to you, if: (1) you do not develop or open the Franchise as provided in this Agreement; (2) you abandon, surrender, transfer control of, lose the right to occupy the Premises of, or do not actively operate, the Franchise, or your lease for or purchase of the location of the Franchise is terminated for any reason; (3) you or your Principal Owners assign or Transfer this Agreement, any Interest, the Franchise, or assets of the Franchise without complying with the provisions of Section 14; (4) you are adjudged a bankrupt, become insolvent or make a general assignment for the benefit of creditors; (5) you use, sell, distribute or give away any unauthorized services or products, and do not cease the use, sale, or distribution of unauthorized services or products within ten (10) days after written notice is given to you; (6) you fail to maintain a valid license to practice and/or fail to maintain compliance with state and federal regulations and do not cure the failure within twenty (20) days after written notice is given to you; (7) you or any of your Principal Owners are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; (8) you are involved in any action that is likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; (9) you or any of your employees violate any health or safety law, ordinance or regulation, or operate the Franchise in a manner that presents a health or safety hazard to your customers or the public; (10) you do not pay when due any monies owed to us or our affiliates, and do not make such payment within ten (10) days after written notice is given to you; (11) you fail to meet the minimum local advertising expenditures required in Section 11.2, and to provide the required proof of your expenditures; (12) you or any of your Principal Owners fail to comply with any other provision of this Agreement or any mandatory specification, standard, or operating procedure or you fail to make changes required to comply with applicable state or federal laws within twenty (20) days after written notice of such failure to comply is given to you; (13) you fail to procure or maintain any and all insurance coverage that we require, or otherwise fail to name us as an additional insured on any such insurance policies and failure to do so within ten (10) days after written notice is given to you; or (13) you or any of your Principal Owners fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due any financial statements, reports or other data, information, or supporting records; pay when due any amounts due under this Agreement; or otherwise fail to comply with this Agreement, whether or not such failures to comply are corrected after notice is given to you or your Principal Owners.

In addition, if, in the opinion of our legal counsel, any provision of this Agreement is contrary to law, then you and we agree to negotiate in good faith an amendment that would make this Agreement conform to the applicable legal requirements. If you and we are unable to reach such an agreement, or if fundamental changes to this Agreement are required to make it conform to the legal requirements, then we reserve the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

In the event that we terminate this Agreement under this Section or other applicable provisions of this Agreement, we shall be entitled, in those states in which such termination fees are enforceable, to receive from you a termination fee in the amount equal to one-half (1/2) of our then-current initial franchise fee for new The Joint Corp. Location franchises (the "Termination Fee"). The Termination Fee shall be payable by you in addition to any damages payable to us, including loss of future revenues, resulting from your improper or wrongful breach or other termination of this Agreement. We shall be entitled to recover all costs, including attorneys' fees, incurred in connection with the termination and collection of the Termination Fee.

If you continue to operate the Franchise after termination of this Agreement, in addition to any other right or remedy we may have (including the Termination Fee), you agree to pay to us the amount of One Thousand and No/100 Dollars ($1,000.00) per day that you operate the Franchise in violation of this Agreement, plus all costs and attorneys' fees incurred as a result of the violation. This amount is set at $1,000 per day because it is a reasonable estimation of the damages that would occur from such a breach, and it will almost certainly be impossible to calculate precisely the actual damages from such a breach.

16. RIGHTS AND OBLIGATIONS OF COMPANY AND FRANCHISE OWNER UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.

16.1 Payment of Amounts Owed to Company.

You agree to pay us within five (5) days after the effective date of termination or expiration of the Franchise, or any later date that the amounts due to us are determined, all amounts owed to us or our affiliates which are then unpaid.

16.2 Marks.

You agree that after the termination or expiration of the Franchise you will:

(a) not directly or indirectly at any time identify any business with which you are associated as a current or former The Joint Corp. franchise or franchisee;

(b) not use any Mark or any colorable imitation of any Mark in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us;

(c) return to us or destroy (whichever we specify) all customer lists, forms and materials containing any Mark or otherwise relating to a The Joint Corp. franchise;

(d) remove all Marks affixed to uniforms or, at our direction, cease to use those uniforms; and

(e) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark.

16.3 De-Identification.

If you retain possession of the Premises, you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to disassociate the Premises with the image of a The Joint Corp. franchise, including any signage bearing the Marks. If you do not take the actions we request within thirty (30) days after notice from us, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.

16.4 Confidential Information.

You agree that on termination or expiration of the Franchise you will immediately cease to use any of the Confidential Information, and agree not to use it in any business or for any other purpose. You further agree to immediately return to us all copies of the Operations Manual and any written Confidential Information or other confidential materials that we have loaned or provided to you. Upon

16.5 Joint Software.

You agree that on termination or expiration of the Franchise, you will immediately cease to use the Joint Software and will uninstall it from all computer systems owned by the Franchise.

16.6 Company's Option to Purchase the Franchise.

Upon the termination or expiration of the Franchise, we will have the option, but not the obligation, exercisable for thirty (30) days upon written notice to you, to purchase at fair market value all of the assets of the Franchise, including all approved equipment, fixtures, furniture and signs and all supplies, materials, and other items imprinted with any Mark, and to take an assignment of the lease for the Premises and any other lease or concession agreement necessary for the operation of the Franchise. If you and we cannot agree on the fair market value of the assets of the Franchise within a reasonable time, such value shall be determined by an average of the appraisals of two (2) independent appraisers, one of whom will be selected by you and one of whom will be selected by us. If the appraisals differ by more than ten percent (10%), then you and we will mutually agree on a value, or if you and we cannot agree, our appraisers will select a third appraiser whose determination of market value will be final. We shall not assume any liabilities, debts or obligations of the Franchise in connection with any such transfer, and you will indemnify us from any and all claims made against us arising out of any such transfer of the assets of the Franchise. All parties will comply with all applicable laws in connection with any such transfer, and you agree to cooperate with us in complying with all such requirements.

The closing shall occur within thirty (30) days after we exercise our option to purchase the assets or such later date as may be necessary to comply with applicable bulk sales or similar laws. At the closing, you and we both agree to execute and deliver all documents necessary to vest title in the purchased assets and/or real property in us free and clear of all liens and encumbrances, except those assumed by us and/or to effectuate the lease of the Franchise Premises. You also agree to provide us with all information necessary to close the transaction. We reserve the right to assign our option to purchase the Franchise or designate a substitute purchaser for the Franchise. By signing this Agreement, you irrevocably appoint us as your lawful attorney-in-fact with respect to the matters contemplated by this Paragraph 16.6, with full power and authority to execute and deliver in your name all documents required to be provided by you under this Paragraph in the event you do not provide them in a timely and proper manner. You also agree to ratify and confirm all of our acts as your lawful attorney-in-fact, and indemnify and hold us harmless from all claims, liabilities, losses or damages suffered by us in so doing.

Once we give notice that we will purchase the Franchise assets, we will have the right to immediately take over the operations of the Franchise. From the date we take over the Franchise to the date of closing of the purchase of the Franchise assets, we will be entitled to use any gross revenues of the Franchise to operate the Franchise, and to retain as a management fee up to ten percent (10%) of the balance of such gross revenues after operating expenses are paid, plus any additional costs and expenses we may incur.

16.7 Continuing Obligations.

All obligations of this Agreement (whether yours or ours) that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

16.8 Management of the Franchise.

In the event that we are entitled to terminate this Agreement in accordance with Section 15 above or any other provision of this Agreement, and in addition to any other rights or and remedies available to us in the event of such termination, we may, but need not, assume the Franchise's management. All gross revenues from the Franchise's operation while we assume its management will be kept in a separate account, and all of the Franchise's expenses will be charged to this account. We may charge you (in addition to the Royalty Fee and Advertising Fee contributions due under this Agreement) a reasonable management fee in an amount that we may specify, equal to up to ten percent (10%) of the Franchise's gross revenues, plus our direct out-of-pocket costs and expenses, if we assume management of the Franchise under this Paragraph. We have a duty to utilize only our reasonable efforts in managing the Franchise, and will not be liable to you for any debts, losses, or obligations the Franchise incurs, or to any of your creditors for any products or services the Franchise purchases, while we manage it pursuant to this Paragraph.

17. ENFORCEMENT.

17.1 Invalid Provisions; Substitution of Valid Provisions.

To the extent that the non-competition provisions of Sections 9.3 and 14.5 are deemed unenforceable because of their scope in terms of area, business activity prohibited, or length of time, you agree that the invalid provisions will be deemed modified or limited to the extent or manner necessary to make that particular provisions valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that such provisions under the laws applied in the forum in that we are seeking to enforce such provisions.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard, or operating procedure we prescribed invalid or unenforceable, then the advance notice and/or other action required or revision of the specification, standard, or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provisions enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

17.2 Unilateral Waiver of Obligations.

Either you or we may, by written notice, unilaterally waive or reduce any obligation or restriction of the other under this Agreement. The waiver or reduction may be revoked at any time for any reason on ten (10) days' written notice.

17.3 Written Consents from Company.

Whenever this Agreement requires our advance approval 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.

17.4 Lien.

To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (a) all inventory now owned or after-acquired by you and the Franchise, including but not limited to all inventory and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of you and/or the Franchise now existing or subsequently arising, together with all interest in you and/or the Franchise, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Franchise, now existing or subsequently arising; and (d) all general intangibles of you and/or the Franchise, now owned or existing, or after-acquired or subsequently arising. You agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in and to these assets.

17.5 No Guarantees.

If in connection with this Agreement 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, then we will not be deemed to have made any warranties or guarantees upon which you may rely, and will not assume any liability or obligation to you.

17.6 No Waiver.

If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice that is at variance with the terms of this Agreement, then we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement, or of any similar term in any other agreement between us and any other The Joint Corp. franchisee will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments that are due to us under this Agreement.

17.7 Cumulative Remedies.

The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either you or us from exercising any other right or remedy provided under this Agreement, or permitted by law or equity.

17.8 Specific Performance; Injunctive Relief.

Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to (1) enforce the provisions of this Agreement relating to your use of the Marks and non-disclosure and non-competition obligations under this Agreement; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance, or regulation; constitutes a danger to the public; or may impair the goodwill associated with the Marks or The Joint Corp. franchises; or (3) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, then you shall pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

17.9 Arbitration.

Except insofar as we elect to enforce this Agreement or to seek temporary or permanent injunctive relief as provided above, all controversies, disputes or claims arising between us, our affiliates, and our and their respective owners, officers, directors, agents, and employees (in their representative capacity) and you (and your Principal Owners and guarantors) arising out of or related to: (1) this Agreement, any provision thereof, or any related agreement (except for any lease or sublease with us or any of our affiliates); (2) the relationship of the parties hereto; (3) the validity of this Agreement or any related agreement, or any provision thereof; or (4) any specification, standard or operating procedure relating to the establishment or operation of the Franchise, shall be submitted for arbitration to be administered by the office of the American Arbitration Association. Such arbitration proceedings shall be conducted in Maricopa County, Arizona, and, except as otherwise provided in this Agreement, shall be conducted in accordance with then current commercial arbitration rules of the American Arbitration Association. The arbitrator shall have the right to award or include in his award any relief that he or she deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees, and costs. The award and decision of the arbitrator shall be conclusive and binding on all parties to this agreement, and judgment on the award may be entered in any court of competent jurisdiction, and each such party waives any right to contest the validity or enforceability of such award. The provisions of this Paragraph are intended to benefit and limit third-party non-signatories, and will continue in full force and effect subsequent to, and notwithstanding expiration or termination of, this Agreement. You and we agree that any such arbitration shall be conducted on an individual, not a class-wide basis, and shall not be consolidated with any other arbitration proceeding.

17.10 Waiver of Punitive Damages and Jury Trial; Limitations of Actions.

Except with respect to your obligations to indemnify us and claims that we may bring under Sections 7, 9, 15, or 16 of this Agreement, and except for claims arising from your non-payment or underpayment of any amounts owed to us or our affiliates, (1) any and all claims arising out of or related to this Agreement or the relationship between you and us shall be barred, by express agreement of the parties, unless an action or proceeding is commenced within two (2) years from the date the cause of action accrues; and (2) you and we hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and agree that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between you and us, each party will be limited to the recovery of any actual damages sustained by it. You and we irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either you or us.

17.11 Governing Law/Consent To Jurisdiction.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in Section 17.9 which will be governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law relating to arbitration, this Agreement and the Franchise will be governed by the internal laws of the State of Arizona (without reference to its choice of law and conflict of law rules), except that the provisions of any Arizona law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Paragraph. You agree that we may institute any action against you arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) in any state or federal court of general jurisdiction in Maricopa County, Arizona, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

17.12 Binding Effect.

This Agreement is binding on and will inure to the benefit of our successors and assigns and, subject to the Transfers provisions contained in this Agreement, will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors, and administrators.

17.13 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 that is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

17.14 Construction.

All headings of the various Sections and Paragraphs of this Agreement are for convenience only, and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. The term “affiliate” as used in this Agreement is applicable to any company directly or indirectly owned or controlled by you or your Principal Owners, or any company directly or indirectly owned or controlled by us that sells products or otherwise transacts business with you.

17.15 Joint and Several Liability.

If two (2) or more persons are the Franchise Owner under this Agreement, their obligation and liability to us shall be joint and several.

17.16 Multiple Originals.

This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other parties hereto. This Agreement, once executed by a party, may be delivered to the other parties hereto by facsimile transmission or other electronic means of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

17.17 Timing Is Important.

Time is of the essence of this Agreement. "Time is of the essence" is a legal term that emphasizes the strictness of time limits. In this case, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

17.18 Independent Provisions.

The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

18. NOTICES AND PAYMENTS.

All written notices, reports and payments permitted or required under this Agreement or by the Operations Manual will be deemed delivered: (a) at the time delivered by hand; (b) one (1) business day after transmission by telecopy, facsimile or other electronic system; (c) one (1) business day after being placed in the hands of a reputable commercial courier service for next business day delivery; or (d) three (3) business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and addressed to the party to be notified or paid at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party. Any required notice, payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

19. INDEPENDENT PROFESSIONAL JUDGMENT OF YOU AND YOUR GENERAL MANAGER.

You and we acknowledge and agree that the specifications, standards and operating procedures related to the services offered by the Franchise are not intended to limit or replace your or your General Manager's (if any) professional judgment in supervising and performing the services offered by your Franchise. The specifications, standards, and operating procedures represent only the minimum standards, and you and your General Manager (if any) are solely responsible for ensuring that the Franchise performs services in accordance with all applicable requirements and standards of care. Nothing in this Agreement shall obligate you or your General Manager (if any) to perform any act that is contrary to your or your General Manager's (if any) professional judgment; provided, however, that you must notify us immediately upon your determination that any specification, standard or operating procedure is contrary to your or your General Manager's (if any) professional judgment.

20. ENTIRE AGREEMENT.

This Agreement, together with the introduction and exhibits to it, constitutes the entire agreement between us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. This Agreement may be modified only by written agreement signed by both you and us, except that we may modify the Operations Manual at any time as provided herein. However, nothing in this Agreement or any addendum shall have the effect of disclaiming any of the representations made in the Franchise Disclosure Document or any of its exhibits.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Agreement Date.

"Company"	"Franchise Owner"
The Joint Corp.,	_____,
a Delaware corporation	a_____
By: _____	By: _____
Name: Chad Everts	Name: _____
Title: V.P. Franchise Development	Title: _____

EXHIBIT 1

TO THE JOINT CORP. FRANCHISE AGREEMENT

FRANCHISE AGREEMENT EXPIRATION DATE

PROJECTED FRANCHISING OPENING SCHEDULE

1 - 1 **Expiration Date**. Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement will expire on _____.

1 - 2 **Franchising Opening Schedule**. In signing the foregoing Agreement to which this **Exhibit 1** is attached, you acknowledge that:

You have purchased the Franchise to which the Agreement corresponds as a The Joint Corp. Location Franchise. You will establish this Franchise as a Start-up Location.

2. You must open the Franchise mentioned above within a certain time period specified by us, the length of which depends upon the number of Franchises you have purchased and the number of these Franchises that you have developed and opened for business before developing and opening the Franchise to which the Agreement corresponds.

3. You must open the Franchise to which this Agreement corresponds within the following time period (the "Opening Deadline"), subject to the requirements of Paragraphs 3.3 and 3.6, and any other applicable provision of the Agreement:

EXHIBIT 2

TO THE JOINT CORP. FRANCHISE AGREEMENT

OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement, dated as of this _____ day of _____, 20__ (the "Agreement"), by and between The Joint Corp. ("us") and _____(the "Franchise Owner"), each of the undersigned owners of the Franchise Owner and their respective spouses ("you," for purposes of this Guaranty only), hereby personally and unconditionally agree to perform and keep during the terms of the Agreement, each and every covenant, obligation, payment, agreement, and undertaking on the part of Franchise Owner contained and set forth in the Agreement. Each of you agree that all provisions of the Agreement relating to the obligations of Franchise Owners, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the Agreement, shall be binding on you.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchise Owner or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchise Owner which you may have arising out of your guaranty of the Franchise Owner's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchise Owner fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchise Owner or any other person; (4) 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 Franchise Owner 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 (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchise Owner has any obligations under the Agreement.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

This Guaranty is now executed as of the Agreement Date.

OWNER:

Name: _____

OWNER'S SPOUSE:

Name: _____

OWNER:

Name: _____

OWNER'S SPOUSE:

Name: _____

OWNER:

Name: _____

OWNER'S SPOUSE:

Name: _____

EXHIBIT 3

TO THE JOINT CORP. FRANCHISE AGREEMENT

ADDENDUM TO LEASE AGREEMENT

This Addendum to Lease Agreement (this "Addendum"), is entered into effective on this _____ day of _____, 20___, (the "Effective Date") by and between _____, a _____ (the "Lessor"), and _____, a _____ (the "Lessee") (each a "Party" and collectively, the "Parties").

RECITALS

WHEREAS, the Parties hereto have entered into a certain Lease Agreement, dated on the _____ day of _____, 20___ (the "Agreement"), and pertaining to the premises located at _____ (the "Premises");

WHEREAS, Lessor acknowledges that Lessee intends to operate The Joint franchise from the Premises pursuant to a Franchise Agreement (the "Franchise Agreement") with The Joint Corp. ("Franchisor") under the name The Joint or other name designated by Franchisor ("Franchised Business"); and

WHEREAS, the Parties now desire to amend the Lease Agreement in accordance with the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth and each act done and to be done pursuant hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

1 . Remodeling and Decor. The above recitals are hereby incorporated by reference. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2 . Assignment. Lessee shall have the right to assign all of its right, title and interest in and to the Lease Agreement to Franchisor or its parent, subsidiary, or affiliate, (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent, pursuant to the terms of the Collateral Assignment of Lease attached hereto as **Exhibit A**. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease Agreement, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease Agreement is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord's consent in accordance with Section 4(a).

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease Agreement, Lessor shall give Lessee and Franchisor written notice of the default or violation within ten (10) days after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option to cure, but is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

The Joint Corp.
16767 N. Perimeter Dr., Suite 240
Scottsdale, AZ 85260
Attention: Chad Everts
E-mail: ceverts@thejoint.com

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of the Lease Agreement, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement or any Interim Period thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease Agreement or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest in the Lease Agreement and at any time thereafter to re-assign the Lease Agreement to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease Agreement. Upon notice from Franchisor to Lessor requesting an automatic assignment, Lessor will, at the cost of Franchisor, take appropriate actions to secure the leased premises including but not limited changing the locks and granting Franchisor sole rights to the Premises.

(b) Upon the expiration or termination of either the Lease Agreement or the Franchise Agreement (attached), Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect The Joint marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee or has rights to those through the terms and conditions any agreement between Lessee and Franchisor, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Exhibit A**.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business.

7. Amendments. No amendment or variation of the terms of the Lease or this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease Agreement shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copied herein in full.

9. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, the Parties have duly executed this Addendum as of the Effective Date.

LESSOR:	**LESSEE:**
_____,	_____,
a _____	a _____
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

EXHIBIT A

COLLATERAL ASSIGNMENT OF LEASE

This COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into effective as of the ___ day of _____, 20___ (the "Effective Date"), the undersigned, _____, ("Assignor") hereby assigns, transfers and sets over unto The Joint Corp., a Delaware Corporation ("Assignee") all of Assignor's right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit 1** (the "Lease Agreement") with respect to the premises located at _____ (the "Premises"). This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the Premises demised by the Lease Agreement pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease Agreement and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease Agreement nor the Premises demised thereby.

Upon a default by Assignor under the Lease Agreement or under that certain franchise agreement for The Joint between Assignee and Assignor ("Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease Agreement.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease Agreement without the prior written consent of Assignee. Through the Initial Term of the Franchise Agreement and any Renewal Period thereof (as defined in the Franchise Agreement), Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease Agreement not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease Agreement as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Collateral Assignment of Lease as of the Effective Date.

ASSIGNOR:	**ASSIGNEE:**
_____, a_____	**THE JOINT CORP.,** a Delaware corporation
By: _____	By: _____
Name: _____	Name: Chad Everts
Its: _____	Its: VP Franchise Development

EXHIBIT 4

TO THE JOINT CORP. FRANCHISE AGREEMENT

OWNERSHIP INTERESTS IN FRANCHISE OWNER

4-1. Full name and address of the owners of, and a description of the type of, all currently held Interests in Franchise Owner:

4-2. Minimum individual and aggregate Principal Owner ownership percentage required at all times during the term of this Agreement:

4-2.1 During the term of this Agreement, the Principal Owners together must have a "controlling interest" of no less than seventy-five percent (75%) of the equity, voting control and profits in the Franchise Owner.

4-2.2 Unless otherwise permitted, the required minimum "ownership interest" of each Principal Owner during the term of this Agreement is:

Name	**Ownership Percentage**

Exhibit 10.16

Written Description of Management Services Arrangement with Business Ventures Corp.

In 2010, in connection with the organization and initial financing of The Joint Corp., The Joint Corp. entered into an informal arrangement with Business Ventures Corp., a Delaware corporation, 100% of the stock of which is owned by Joint Corp. shareholder and director Steven P. Colmar, whereby Business Ventures Corp. will provide management consulting services on an "as needed" basis in exchange for payment of $6,000 per month.

Services under this arrangement are performed for Business Ventures Corp. by Steven Colmar, Craig Colmar and Richard Rees.

This arrangement may be terminated by either party without notice and without penalty.

Exhibit 10.17

Written Description of Consulting Arrangement with John Leonesio.

Effective January 1, 2014, John Leonesio resigned as chief executive officer of The Joint Corp. and became non-executive chairman of The Joint Corp.'s board of directors. The Joint Corp. agreed to pay Mr. Leonesio a consulting fee in connection with his service as non-executive chairman of the board and his ongoing provision of consulting services on an "as needed" basis. The consulting fee was established at the rate of $90,000 annually, payable in monthly installments.

This arrangement may be terminated by either party without notice and without penalty.

Exhibit 99.1

Rule 438 Consent of William R. Fields

The Joint Corp. filed a Registration Statement on Form S-1 with the Securities and Exchange Commission on or around July 11, 2014 (the "Registration Statement"). Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), the undersigned hereby consents (i) to being named in the Registration Statement, and any amendments thereto, as a director of The Joint Corp. effective upon the consummation of the transactions described in the Registration Statement, (ii) to the inclusion in the Registration Statement, and any amendments thereto, of such other information regarding the undersigned as is required to be included therein under the Securities Act, and the rules and regulations promulgated thereunder and (iii) to the filing of this Consent as an exhibit to the Registration Statement, and any amendments thereto.

/s/ William R. Fields
Name: William R. Fields

Date: August 11, 2014

Exhibit 99.2

Rule 438 Consent of Ronald V. DaVella

The Joint Corp. filed a Registration Statement on Form S-1 with the Securities and Exchange Commission on or around July 11, 2014 (the "Registration Statement"). Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), the undersigned hereby consents (i) to being named in the Registration Statement, and any amendments thereto, as a director of The Joint Corp. effective upon the consummation of the transactions described in the Registration Statement, (ii) to the inclusion in the Registration Statement, and any amendments thereto, of such other information regarding the undersigned as is required to be included therein under the Securities Act, and the rules and regulations promulgated thereunder and (iii) to the filing of this Consent as an exhibit to the Registration Statement, and any amendments thereto.

/s/ Ronald V. DaVella
Name: Ronald V. DaVella

Date: August 13, 2014